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Comparison between U.S. GAAP and IFRS® Standards

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Introduction

Over 120 countries currently require or permit the use of International Financial Reporting Standards, or IFRS® Standards. Although public entities in the United States are required to apply U.S. GAAP, certain foreign private issuers apply IFRS Standards to their financial information filed with the Securities and Exchange Commission (SEC).

While the SEC accepts the financial statements of foreign private issuers prepared using IFRS Standards as issued by the International Accounting Standards Board (Board), a difference in reporting requirements with domestic issuers remains, and there is currently no plan for bridging this gap. Standard setters and regulators continue to emphasize the value of converged accounting standards, citing the revenue recognition and leasing standards issued in the past few years as an example of convergence at work. However, consistency and comparability of published financial results for domestic versus foreign private issuers remains a topic of discussion.

Thus, it is incumbent on preparers, auditors, and regulators to be aware of the differences that currently exist between IFRS Standards and U.S. GAAP.

We have prepared the *Comparison between U.S. GAAP and IFRS® Standards* (Comparison) to help readers grasp some of the major similarities and differences between IFRS Standards and U.S. GAAP. More emphasis is placed on recognition, measurement, and presentation guidelines, and less emphasis is placed on disclosure requirements. As more fully explained in Section 1, “Overview,” this Comparison covers only those differences that we believe are most commonly encountered in practice.

The Comparison includes standards issued as of December 31, 2023 that are effective as of that date. For U.S. GAAP, this guide has used the effective date for public business entities that are SEC filers. The Comparison does not include accounting alternatives for private companies.

1. Overview

1.1 International standards and the Board

The International Accounting Standards Board (the Board) is responsible for the preparation and issuance of IFRS Standards. Upon its inception in 2001, the Board adopted the body of International Accounting Standards (IAS®) issued by its predecessor, the International Accounting Standards Committee (IASC).

The IFRS Interpretations Committee assists the Board in establishing and improving standards of financial accounting and reporting for the benefit of users, preparers, and auditors of financial statements. The IFRS Interpretations Committee was established in 2002 when it replaced its predecessor, the Standing Interpretations Committee (SIC®).

Under IFRS Standards, when a standard or an interpretation specifically applies to a transaction, other event, or condition, an entity would apply that guidance as well as any relevant implementation guidance issued by the Board. In this document, the term “IFRS Standards” refers collectively to standards issued by the Board, IAS® Standards issued by the IASC, and IFRIC® Interpretations issued by the IFRS Interpretations Committee and the SIC. A summary of each type of authoritative standard and its issuing body is provided in the table below.

Name of standard	Abbreviation	Issuing body
International Financial Reporting Standard	IFRS	International Accounting Standards Board
International Accounting Standards	IAS	International Accounting Standards Committee
IFRIC Interpretation	IFRIC	International Financial Reporting Interpretations Committee
SIC Interpretation	SIC	Standing Interpretations Committee

The Board uses the guidance in the *Conceptual Framework for Financial Reporting* to develop or revise IFRS Standards as it establishes the underlying concepts for the preparation and presentation of financial statements and the recognition and measurement requirements in IFRS Standards.

1.2 Financial accounting and reporting in the United States

The Financial Accounting Standards Board (FASB) is the designated private-sector body responsible for establishing and improving standards of financial accounting and reporting in the United States for nongovernmental public and private enterprises, including small businesses and not-for-profit organizations. Those standards, collectively referred to as U.S. GAAP, govern the preparation of financial reports and are provided for the guidance and education of the public, including issuers, auditors, and users of financial information. The *FASB Accounting Standards Codification™* is the sole source of authoritative nongovernmental GAAP, except SEC guidance.

SEC registrants must also comply with the Commission's financial reporting requirements, including those promulgated in SEC Regulations S-X and S-K, Financial Reporting Releases (FRR), and Staff Accounting Bulletins (SAB). The SABs represent practices followed by the staff in administering SEC disclosure requirements.

In 1984, the FASB formed the Emerging Issues Task Force (EITF) to assist the FASB in timely identification, discussion, and resolution of financial accounting issues within the framework of U.S. GAAP. The EITF was designed to minimize the need for the FASB to spend time and effort addressing narrow implementation, application, or other emerging issues that can be analyzed within existing U.S. GAAP. Items discussed by the EITF that cannot be resolved within the existing standards are referred to the FASB for discussion and potential rulemaking activity.

In 2012, the Financial Accounting Foundation established the Private Company Council (PCC) to improve the standard setting process in the U.S. for private companies. The PCC is responsible for working with the FASB to establish criteria to decide whether and when to make exceptions or modifications to U.S. GAAP for private companies and serves as the primary advisory body on private companies to the FASB.

Updates to U.S. GAAP are made through Accounting Standards Updates (ASUs). The FASB developed a policy to extend and simplify how effective dates are staggered into two buckets:

- Bucket 1 - Public business entities that are SEC filers, excluding entities eligible to be smaller reporting companies (SRCs) under the SEC's definition.
- Bucket 2 - All other entities, including entities eligible to be SRCs, all other public business entities, and all nonpublic business entities (private companies, not-for-profit organizations, and employee benefit plans).

The FASB uses the guidance in the *Conceptual Framework* (or "Concept Statements") in selecting transactions, events, and circumstances to be accounted for, how they should be recognized, and how they should be summarized and reported under U.S. GAAP. The Concept Statements provide a framework that the FASB uses in creating new accounting standards or changing existing U.S. GAAP.

1.3 IFRS Standards and U.S. GAAP comparison

This Comparison highlights some significant U.S. GAAP and IFRS Standards requirements, as well as the major similarities and differences between the two sets of standards. While not an exhaustive listing, this document highlights some of the more significant differences between U.S. GAAP and IFRS Standards that we believe are most commonly encountered in practice. The Comparison may be helpful to individuals that are new to IFRS Standards who are trying to gain an appreciation of the more significant requirements of IFRS Standards and how these requirements differ from those in the United States. Disclosure requirements are not addressed, except in some exceptional cases where those requirements constitute major differences between U.S. GAAP and IFRS Standards.

Companies reporting under requirements established for the European Union must comply with IFRS Standards as adopted by the European Commission (EC). Those standards may differ from IFRS Standards as issued by the Board because of the timing or scope of endorsement by the EC. Other jurisdictions may have similar endorsement-related differences. Such differences are not addressed in this document.

This Comparison does not address industry-specific requirements for banks, other financial institutions, insurance companies, not-for-profit organizations, retirement benefit plans, extractive industries, rate regulated activities, or agriculture. In particular, the following IFRS Standards have not been included in the document due to their specialized nature:

- IFRS 6, *Exploration for and Evaluation of Mineral Resources*
- IFRS 14, *Regulatory Deferral Accounts*
- IFRS 17, *Insurance Contracts*
- IAS 26, *Accounting and Reporting by Retirement Benefit Plans*
- IAS 41, *Agriculture*
- IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

In addition, the Comparison does not include IFRS 1, *First-time Adoption of International Financial Reporting Standards,* as well as *International Financial Reporting Standard for Small and Medium-sized Entities* (*IFRS for SMEs*). IFRS 1 covers the requirements for applying IFRS Standards in a company's first financial statements prepared using IFRS Standards. It starts with the basic premise that an entity applies IFRS Standards for the first time on a fully retrospective basis. However, acknowledging the cost and complexity of that approach, the standard then establishes various exemptions for topics where retrospective application would be too burdensome or impractical (for example, business combinations and pension liabilities).

IFRS for SMEs is designed to meet the financial reporting needs of entities that (a) do not have public accountability and (b) publish general purpose financial statements for external users. The term “small and medium-sized entities” is not associated with any size criteria. The standard has essentially been designed to work as a stand-alone document, with no mandatory cross-references to full IFRS Standards. *IFRS for SMEs* often permits simplified recognition and measurement requirements and reduces the amount of disclosures compared to full IFRS Standards.

This Comparison is only a guide; it is not all-encompassing. For the complete details of IFRS Standards and U.S. GAAP requirements, as well as SEC rules, regulations, and practices, readers should refer to the complete text of the standards, rules, regulations, and practices themselves.

2. Overall financial statement presentation

2.1 General

IFRS	U.S. GAAP
Relevant guidance: IAS 1 and IFRS 10	**Relevant guidance:** ASC 205, 505 and 810; SEC Regulation S-X and S-K; Division of Corporation Finance's Financial Reporting Manual (FRM)
General An entity applies IAS 1 in preparing and presenting general purpose financial statements in accordance with IFRS (IAS 1.2).	*General* The guidance on the presentation of financial statements is primarily included in the FASB Codification (ASC 205 through 280). SEC registrants are also required to follow the guidance in SEC Regulations, such as Regulation S-X and S-K.
Financial statement components Financial statements comprise (IAS 1.10): • Statement of financial position as at the end of the period • Statement of profit or loss and other comprehensive income for the period • Statement of changes in equity for the period • Statement of cash flows for the period	*Financial statement components* Financial statements comprise (ASC 205-10-45-1A): • Statement of financial position / balance sheet • Income statement • Statement that displays total comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements (ASC 220-10-45-1). • Statement of changes in stockholders' equity. Alternatively, disclosure of changes in the separate accounts comprising stockholders' equity (in

IFRS	U.S. GAAP
• Notes, comprising a summary of material accounting policies and other explanatory information (see Section 3.1, “Accounting policies,” for more details). Comparative information for the preceding period as specified in IAS 1.38 and .38A • An additional statement of financial position at beginning of preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements in accordance with IAS 1.40A through .40D	addition to retained earnings) could be made in the notes to financial statements (ASC 505-10-50-2). • Statement of cash flows (limited exemptions; see Section 2.5, “Statement of cash flows”) • Notes to financial statements • Unlike IFRS, there are no similar requirement for a third balance sheet
Comparative periods Except when IFRS permit or require otherwise, present comparative information for the preceding period for all amounts reported in current period’s financial statements. Include comparative information for narrative and descriptive information if relevant to understanding current period’s financial statements (IAS 1.38 and .38B). Present, at a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows, two statements of changes in equity, and related notes (IAS 1.38A).	*Comparative periods* Unlike IFRS, there is no specific U.S. GAAP requirement to provide comparative statements, but it is desirable to do so (ASC 205-10-45-2). However, entities subject to SEC rules require balance sheets for the two most recent fiscal years and three years of statements of income, changes in stockholders’ equity and cash flows (SEC Regulation S-X; Rule 3-01(a) and Rule 3-02(a)). The following exceptions are provided: • A Smaller Reporting Company is only required to present two years of statements of income, changes in stockholders’ equity and cash flows. • An Emerging Growth Company (“EGC”) is not required to present more than two years of audited financial statements in a Securities Act registration statement for an initial public offering of its common equity securities. However, an EGC that is not a smaller reporting company is required to include three years of audited financial statements in its Form 10-K or Form 20-F. (Section 10220.1 of the Division of Corporation Finance’s Financial Reporting Manual (FRM)).

IFRS	U.S. GAAP
Additional comparative periods An entity may present comparative information in addition to minimum comparative financial statements noted above as long as information is prepared in accordance with IFRS. The comparative information may consist of one or more statements referred to in IAS 1.10, but need not be a complete set of financial statements. Include related note information for those additional financial statements (IAS 1.38C and D).	*Additional comparative periods* Like IFRS, financial statements may be presented for one or more preceding years, as well as for the current year (ASC 205-10-45-2).
Accounting standard disclosure When financial statements comply with IFRS, make an explicit and unreserved statement of such in the notes. An entity does not describe financial statements as complying with IFRS unless they comply with all the requirements of IFRS (IAS 1.16).	*Accounting standard disclosure* While there is no similar requirement in U.S. GAAP, SEC Regulation S-X, 4-01(a)1 requires that financial statements filed with the SEC are compliant with US GAAP and therefore financial statements of all entities generally state that they are presented in accordance with US GAAP.
Inappropriate accounting policies An entity cannot rectify inappropriate accounting policies by disclosure of the accounting policies used or by notes or explanatory material (IAS 1.18).	*Inappropriate accounting policies* Similar to IFRS.
Primary statement and note presentation Clearly identify each financial statement and the notes. Display the following prominently, and repeat when necessary for information presented to be understandable (IAS 1.51): • Name of reporting entity or other means of identification, and any change in information from the end of the preceding reporting period	*Primary statement and note presentation* Similar to IFRS.

IFRS	U.S. GAAP
• Whether financial statements are of an individual entity or a group of entities • Date of end of reporting period or period covered by the set of financial statements or notes • Presentation currency, as defined in IAS 21 • Level of rounding used in presenting amounts in financial statements	
Consolidated financials An entity that is a parent shall present consolidated financial statements. IFRS 10 applies to all entities, except as follows (IFRS 10.4): • A parent company that meets certain conditions. • Post-employment benefit plans or other long-term employee benefit plans to which IAS 19 *Employee Benefits* applies. • A parent that is an investment entity and is required to measure all of its subsidiaries at fair value through profit or loss.	*Consolidated financials* Unlike IFRS, there are no exceptions to applying consolidation accounting for private companies with certain conditions. There are few exceptions from applying consolidation accounting (ASC 810-10-15-12). Similar to IFRS certain investment companies are exempt. Under ASC 810 the exceptions to consolidation are in general limited to: • An employer shall not consolidate an employee benefit plan subject to the provisions of Topic 712 or 715. • Certain investment companies within the scope of Topic 946 shall not consolidate an investee that is not an investment company. • An entity shall not consolidate a governmental organization or a financing entity established by a governmental organization (subject to certain conditions). • An entity shall not consolidate an entity that is not required to comply with or operate in accordance with requirements that are similar to those included in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds

2.2 Statement of financial position / balance sheet

The IASB issued amendments to IAS 1, *Presentation of Financial Statements*, that aim to improve disclosures about long-term debt with covenants for periods beginning on or after 1 January 2024, with early adoption being permissible.

The amendments set out in *Non-current Liabilities with Covenants (Amendments to IAS 1)* state that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements.

The IASB aims for these amendments to enable investors to understand the risk that such debt could become repayable early and therefore improving the information being provided on the long-term debt.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If the amendments are applied in an earlier period, this should be disclosed. The effective date coincides with that of the amendments to IAS 1 previously issued in 2020 ‘Classification of Liabilities as Current or Non-current’.

IFRS	U.S. GAAP
Relevant guidance: IAS 1 and 32	**Relevant guidance**: ASC 210, 470, 505, and 740; SEC Regulation S-X, Rule 5-02
Introduction	
IAS 1.54 specifies the line items that are to be presented on the face of the statement of financial position.	Unlike IFRS, U.S. GAAP has limited requirements on specific line items. However, SEC Regulation S-X, Rule 5-02 does require specific line items to appear on the face of the balance sheet, where applicable.
Classification	
General Present current and non-current assets, and current and non-current liabilities, as separate classifications in statement of financial position in accordance with IAS 1.66-.76, except when a presentation based on liquidity provides information that is	*General* Similar to IFRS, the balance sheets of most entities show separate classifications of current assets and liabilities (ASC 210-10-05-4). In certain specialized industries an unclassified balance sheet is used when the

IFRS	U.S. GAAP
reliable and more relevant. When that exception applies, present all assets and liabilities in order of liquidity (IAS 1.60).	distinction between current and noncurrent assets and liabilities is deemed to have little or no relevance.
Subtotals Except when deemed relevant to an understanding of the entity's financial position, no subtotals are specified as requirements in IAS 1 (IAS 1.55 and .55A).	*Subtotals* Unlike IFRS, non-SEC reporting entities are required to present a total of current liabilities if they present a classified balance sheet. In practice, these entities also present a subtotal for current assets (ASC 210-10-45-5). SEC rules explicitly require subtotals for current assets and current liabilities (Regulation S-X, Rule 5-02).
Deferred tax When an entity presents current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position, it does not classify deferred tax assets (liabilities) as current assets (liabilities) (IAS 1.56).	*Deferred tax* Similar to IFRS, deferred tax assets (liabilities) are presented as noncurrent assets (liabilities). (ASC 740-10-45-4). See Section 5.3, "Taxation."
Current asset An entity classifies an asset as current when any of the following apply (IAS 1.66): • It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle. The normal operating cycle where not clearly identifiable is assumed to be 12 months (IAS 1.68) • It holds the asset primarily for the purpose of trading • It expects to realize the asset within 12 months after the reporting period	*Current asset* Like IFRS, current assets are cash and other assets or resources commonly identified as those reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of the business (ASC Master Glossary, "Current Assets"). In businesses where the period of the operating cycle is more than 12 months, the longer period is required to be used. Where a particular business has no clearly defined operating cycle, the one-year rule governs (ASC 210-10-45-3).

IFRS	U.S. GAAP
• The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period	
C*urrent liability* An entity classifies a liability as current when any of the following apply (IAS 1.69): • It expects to settle the liability in its normal operating cycle. The normal operating cycle where not clearly identifiable is assumed to be 12 months (IAS 1.70) • It holds the liability primarily for the purpose of trading • The liability is due to be settled within 12 months after the reporting period • It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.	*Current liability* Current liabilities are obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets, or the creation of other current liabilities (ASC Master Glossary, "Current Liabilities").
Financial liabilities Classify financial liabilities as current when they are due to be settled within 12 months after the reporting period, even if (IAS 1.72): • The original term was for a period longer than 12 months, and • An agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue	*Financial liabilities* Short-term obligations, are excluded from current liabilities if the entity intends to refinance the obligation on a long-term basis and (ASC 470-10-45-14): • Before the balance sheet is issued or available to be issued there is a post-balance sheet issuance of a long-term obligation or equity securities for the purpose of refinancing the short-term obligation on a long-term basis; or • Before the balance sheet is issued or available to be issued the entity has entered into a financing agreement that permits it to refinance the

IFRS	U.S. GAAP
An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period (IAS 1.72A). An entity's right to defer settlement of debt for at least twelve months after the reporting period may be subject to the entity complying with covenants. Covenants: • affect whether the right to defer settlement exists at the end of the reporting period if an entity is required to comply with the covenant on or before the end of the reporting period. • do not affect whether the right to defer settlement exists at the end of the reporting period if an entity is required to comply with the covenant only after the reporting period (IAS 1.72B). If an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no arrangement for refinancing), the entity does not consider the potential to refinance the obligation and classifies the obligation as current (IAS 1.73).	short-term obligation on a long-term basis and certain conditions are met.
Debt classification and covenants An entity classifies a liability as current at the end of the reporting period if it does not have a right to defer its settlement for at least 12 months after that date. When an entity breaches a covenant of a long-term loan arrangement on or before the end of the reporting period with the	*Debt classification and covenants* Similar to IFRS, for debt obligations ASC 470-10-20 defines a long-term debt obligation as those scheduled to mature beyond one year (or the operating cycle, if applicable) from the date of an entity's balance sheet. As such, in general, a debt instrument is classified as noncurrent if either:

IFRS	U.S. GAAP
effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorization of the financial statements for issue, not to demand payment as a consequence of the breach (IAS 1.74). An entity classifies debt as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment (IAS 1.75). Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period i.e., it is classified as non-current even if management intends or expects to settle the liability within 12 months (IAS 1.75A).	• The liability is contractually due to be settled more than one year after the balance-sheet date • The entity has a contractual right to defer settlement of the liability for at least one year after the balance-sheet date Unlike IFRS, ASC 470-10-55-2 through ASC 470-10-55-6 indicate that where debt is noncurrent and there has been a debt covenant violation at the balance-sheet date and the entity receives a waiver of that violation after the balance-sheet date, but before the financial statements are issued or are available to be issued, the debt may be classified as non-current as long as the same or more restrictive covenant is probable to be met. Similar to IFRS, if a debt covenant violation occurs and there is no waiver or grace period then the debt becomes classified as current. Unlike IFRS, which specifies that debt may be classified as non-current only if a lender that has allowed a grace period cannot demand repayment during that period, the probability of demand for repayment during a grace period is a factor in U.S. GAAP. U.S. GAAP allows a long-term obligation to retain its non-current classification if it contains a grace period within which the debtor may cure the violation and it is probable that the violation will be cured within that period, thus preventing the obligation from becoming callable. Further, if a covenant violation occurs that would otherwise give the lender the right to call the debt, a lender may waive its call right arising from the current violation for a period greater than one year while retaining future covenant requirements. Unless facts and circumstances indicate otherwise, the borrower shall classify the obligation as noncurrent, unless both of the following conditions exist (ASC 470-10-45-1): • A covenant violation that gives the lender the right to call the debt has occurred at the balance sheet date or would have occurred absent a loan modification.

IFRS	U.S. GAAP
	• It is probable that the borrower will not be able to cure the default (comply with the covenant) at measurement dates that are within the next 12 months.
Subjective acceleration clauses Under IFRS, debt with a subjective acceleration clause would be evaluated for current or non-current classification based on the rights in existence at the end of the reporting period.	*Subjective acceleration clauses* Unlike IFRS, an entity evaluates the probability of the lender accelerating the debt U.S. GAAP considers facts and circumstances to evaluate if long-term debt subject to a subjective acceleration clause should be classified as a current liability or whether only disclosure of the existence of such a clause would be required. If the likelihood of the acceleration of the due date is remote, neither reclassification nor disclosure would be required (ASC 470-10-45-2).
Restricted cash There is no IFRS guidance on classification of cash and claims to cash that are restricted.	*Restricted cash* Unlike IFRS, U.S. GAAP explicitly requires the exclusion of restricted cash and claims to cash from current assets. Restricted cash includes cash with restrictions on withdrawal or use for other than current operations, cash that is designated for the purchase or construction of noncurrent assets, or that is segregated to pay long-term debts. Funds that offset current debt may be classified as current. (ASC 210-10-45-4).
Offsetting	
An entity does not offset assets and liabilities or income and expenses, unless required or permitted by IFRS (IAS 1.32). However, a financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity (IAS 32.42): • currently has a legally enforceable right to set off the recognized amounts; and	Unlike IFRS, offsetting is permitted only when a right of set-off exists. A right of set-off exists when (ASC 210-20-45-1): • The parties owe each other determinable amounts • There is a right and intention to set-off • The right of set-off is enforceable by law

IFRS	U.S. GAAP
• intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.	
Disclosure	
Balance sheet classifications An entity discloses, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations (IAS 1.77).	*Balance sheet classifications* Similar to IFRS.
Equity disclosures An entity discloses the following information, either in the statement of financial position or the statement of changes in equity, or in the notes (IAS 1.79): • For each class of share capital: – The number of shares authorized – The number of shares issued and fully paid, and issued but not fully paid – Par value per share, or that the shares have no par value – A reconciliation of the number of shares outstanding at the beginning and at the end of the period – The rights, preferences, and restrictions attaching to that class including restrictions on the distributions of dividends and the repayment of capital	*Equity disclosures* Disclosure of changes in the separate accounts comprising stockholders' equity (in addition to retained earnings) and the changes in the number of shares of equity securities is required. These disclosures may be made in the notes to the financial statements or through a separate financial statement (ASC 505-10-50-2). An explanation of the pertinent rights and privileges of the various securities outstanding is disclosed. Disclosure of the number of shares issued upon conversion, exercise, or satisfaction of required conditions during at least the most recent annual fiscal period and any subsequent interim period presented is also required (ASC 505-10-50-3).

IFRS	U.S. GAAP
– Shares in the entity held by the entity or by its subsidiaries or associates – Shares reserved for issue under options and contracts for the sale of shares, including terms and amounts • A description of the nature and purpose of each reserve within equity	

2.3 Statement of comprehensive income / income statement

IFRS	U.S. GAAP
Relevant guidance: IAS 1	**Relevant guidance**: ASC 220, 225, 320, 715, and 810; SEC Regulation S-X, Rule 5-03
Statement format and presentation	
General An entity may present either a single statement of profit or loss and other comprehensive income or two separate statements (IAS 1.10A).	*General* Similar to IFRS, an entity may report comprehensive income either in a single continuous statement or in two separate but consecutive financial statements (ASC 220-10-45-1).
Single statement of comprehensive income If a single statement of profit or loss and other comprehensive income (statement of comprehensive income) is presented, profit or loss and other comprehensive income are presented in two sections with the profit or loss section presented first followed directly by the other comprehensive income section (IAS 1.10A).	*Single statement of comprehensive income* Similar to IFRS (ASC 220-10-45-1A and 45-5).

IFRS	U.S. GAAP
In addition to the profit or loss and other comprehensive income sections, the statement of comprehensive income presents (IAS 1.81A): • Profit or loss • Total other comprehensive income • Comprehensive income for the period, being the total of profit or loss and other comprehensive income An entity also presents the following items, in addition to the profit or loss and other comprehensive income sections, as allocation of profit or loss and other comprehensive income for the period (IAS 1.81B): • Profit or loss for the period attributable to: – Non-controlling interests – Owners of the parent • Comprehensive income for the period attributable to: – Non-controlling interests – Owners of the parent	
Two separate statements If an entity presents two separate statements, the separate statement of profit or loss immediately precedes the statement presenting comprehensive income, which begins with profit or loss (IAS 1.10A). The separate statement of profit or loss includes the following as allocation of profit or loss for the period (IAS 1.81B):	*Two separate statements* Similar to IFRS (ASC 220-10-45-1B and 45-5).

IFRS	U.S. GAAP
• Profit or loss for the period attributable to: – Non-controlling interests – Owners of the parent The separate statement presenting comprehensive income includes the following as allocation of other comprehensive income for the period: • Comprehensive income for the period attributable to: – Non-controlling interests – Owners of the parent	
Comprehensive income / income statement format IAS 1 does not require a specific format for the statement of comprehensive income; however, it does require certain minimum line items to be presented for the period in addition to those required by other IFRS (IAS 1.82). Expenses recognized in profit or loss are presented based on either their nature or function within the entity depending on which is reliable and more relevant (IAS1.99). If an entity classifies expenses by function, it discloses additional information on the nature of expenses, including depreciation and amortization expense and employee benefits expense (IAS 1.104). The other comprehensive income section presents line items for the amounts for the period of (IAS 1.82A): • Items of other comprehensive income, including amounts below, classified by nature and grouped into those that	*Comprehensive income / income statement format* U.S. GAAP does not prescribe a standard format for the income statement. Either the single-step format (expenses are classified by function) or multiple-step format (operating and nonoperating items are displayed separately) is acceptable. However, SEC Regulation S-X, Rule 5-03 requires specific line items to appear on the face of the income statement, where applicable.

IFRS	U.S. GAAP
– Will not be reclassified subsequently to profit or loss – Will be reclassified subsequently to profit or loss when specific conditions are met • The share of the other comprehensive income of associates and joint ventures accounted for using the equity method separated into the share of items that – Will not be reclassified subsequently to profit or loss – Will be reclassified subsequently to profit or loss when specific conditions are met	
Other comprehensive income Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by IFRS. Examples of items in other comprehensive income (OCI) include (IAS 1.7): • Changes in revaluation surplus (IAS 16 and IAS 38) • Remeasurements of defined benefit pension plans (IAS 19) • Exchange differences on translating foreign operations (IAS 21) • Gains and losses from investments in equity instruments measured at fair value through other comprehensive income (IFRS 9.5.7.5) • Gains and losses on financial assets measured at fair value through other comprehensive income (IFRS 9.4.1.2A)	*Other comprehensive income* Other comprehensive income comprises revenues, expenses, gains, and losses that are included in comprehensive income but excluded from net income (see Master Glossary, "Other Comprehensive Income"). Examples of items that are required to be reported as other comprehensive income include (ASC 220-10-45-10A through 10B): • Foreign currency translation adjustments (ASC 830-30-45-12) • Gains and losses on foreign currency transactions designated as and effective as, economic hedges of a net investment in a foreign entity (ASC 830-20-35-3(a)) • Gains and losses on intra-entity foreign currency transactions that are of a long-term investment nature when the entities to the transaction are consolidated, combined, or accounted for by the equity method (ASC 830-20-35-3(b)) • Gains and losses on derivative instruments that are designated as, and qualify as, cash flow hedges (ASC 815-20-35-1(c))

IFRS	U.S. GAAP
• Effective portion of gains and losses on hedging instruments in cash flow hedges and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through other comprehensive income (IFRS 9.5.7.5) • For particular liabilities designated as at fair value through profit or loss, the amount of the change in fair value that is attributable to changes in the liability's credit risk (IFRS 9.5.7.7) • Changes in value of the time value of options when separating intrinsic value and time value of an option contract and designating as hedging instrument only the changes in intrinsic value (IFRS 9.6.2.4(a)) • Changes in value of forward elements of forward contracts when separating forward and spot elements and designating as hedging instrument only changes in spot elements and changes in value of foreign currency basis spread of financial instrument, excluding it as a hedging instrument (IFRS 9.6.2.4(b)) • Certain insurance and re-insurance income and expenses within the scope of IFRS 17.	• For derivatives that are designated in qualifying hedging relationships, the difference between changes in fair value of the excluded components and the initial value of the excluded components recognized in earnings under a systematic and rational method in accordance with ASC 815-20-25-83A and 815-35-35-5A • Unrealized holding gains and losses on available-for-sale securities (ASC 326-30-25-2) • Unrealized holding gains and losses from a debt security transferred into the available-for-sale category from the held-to-maturity category (ASC 320-10-35-10(c)) • Gains or losses associated with pension or other postretirement benefits (ASC 715-20-50-1(j)) • Prior service costs or credits associated with pension or other postretirement benefits (ASC 715-20-50-1(j)) • Transition assets or obligations associated with pension or other postretirement benefits (ASC 715-20-50-1(j)) • Changes in fair value attributable to instrument-specific credit risk of liabilities for which the fair value option is elected (see ASC 825-10-45-5) • The effect of changes in the discount rates used to measure traditional and limited-payment long-duration insurance contracts (see ASC 944-40-35-6A(b)(1)) • The effect of changes in the fair value of a market risk benefit attributable to a change in the instrument-specific credit risk (see ASC 944-40-35-8A)
Other comprehensive income – reclassification adjustments	*Other comprehensive income – reclassification adjustments*

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognized in OCI in the current or previous periods (IAS 1.7).

Reclassification adjustments may be presented either in the statement(s) of profit or loss and other comprehensive income or in the notes (IAS 1.94 and .112-.138).

An entity discloses reclassification adjustments relating to components of OCI (IAS 1.92).

Other IFRS specify whether and when amounts previously recognized in OCI are reclassified to profit or loss. Such reclassifications are referred to in IAS 1 as reclassification adjustments. A reclassification adjustment is included with the related component of OCI in the period that the adjustment is reclassified to profit or loss. These amounts may have been recognized in OCI as unrealized gains in the current or previous periods. Those unrealized gains are deducted from OCI in the period the realized gains are reclassified to profit or loss to avoid including them in total comprehensive income twice (IAS 1.93).

Entities using IFRS report fewer amounts in OCI compared to U.S. GAAP, and they are not required to subsequently reclassify all amounts of accumulated OCI to net income (profit or loss). However, the disclosure requirements under IAS 1 do not include the specific presentation requirements of ASC 220-10-45.</td><td>Reclassification adjustments are made to avoid double counting in comprehensive income items displayed as part of net income for a period that also have been displayed as part of OCI in that period or earlier periods (ASC Master Glossary, “Reclassification adjustments”). An entity presents reclassification adjustments out of accumulated OCI either on the face of the statement where OCI is presented or in the notes (ASC 220-10-45-17).

Nonpublic entities are required to (1) comply with the requirements for annual reporting periods and (2) report information about the amounts reclassified out of accumulated OCI by component for each reporting period. However, nonpublic entities are not required to report the effects of reclassifications on net income in interim reporting periods (ASC 220-10-45-18B). Not-for-profit entities that report under ASC 958-205 are excluded from the scope of these requirements (ASC 220-10-15-3).</td></tr>
<tr><td>Other comprehensive income – income tax

An entity may present components of other comprehensive income either (a) net of related tax effects, or (b) before related tax effects with one amount shown for the aggregate amount of income tax relating to those components. If an entity elects alternative (b), it allocates the tax between the items that might be</td><td>Other comprehensive income – income tax

Similar to IFRS (ASC 220-10-45-11).</td></tr>
</table>

IFRS	U.S. GAAP
reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section (IAS 1.91).	
Presentation and disclosure	
Extraordinary items An entity does not present any items of income or expense as extraordinary items, in the statement(s) presenting profit or loss and other comprehensive income or in the notes (IAS 1.87).	*Extraordinary items* Similar to IFRS, under U.S. GAAP an entity does not present any items of income or expense as extraordinary items in the statements(s) presenting profit or loss and other comprehensive income or in the notes (ASC 225-20-45).
Material transactions When items of income or expense are material, an entity discloses their nature and amount separately (IAS 1.97).	*Material transactions* A material event or transaction that an entity considers to be of an unusual nature or of a type that indicates infrequency of occurrence or both is reported as a separate component of income from continuing operations. The nature and financial effects of each event or transaction is presented as a separate component of income from continuing operations or, alternatively, disclosed in notes to the financial statements (ASC 225-20-45-16).
Revenue Under IFRS (IAS 1.82) the profit or loss section or the statement of profit or loss shall include revenue, presenting separately: • Interest revenue calculated using the effective interest method; and • Insurance revenue (see IFRS 17).	*Revenue* Unlike IFRS, U.S. GAAP does not contain similar language for presentation on the face of the income statement. However, for entities subject to SEC presentation requirements, Regulation S-X Rule 5-03(1) requires separate presentation on the face of the income statement for certain revenue categories (subject to a 10% of revenue threshold).

2.4 Statement of changes in equity

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>Relevant guidance: IAS 1</td><td>Relevant guidance: ASC 505 and 810</td></tr>
<tr><td colspan="2">Introduction</td></tr>
<tr><td>An entity presents a statement of changes in equity that displays (IAS 1.106):
• Total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests
• For each component of equity, the effects of retrospective application or retrospective restatement recognized in accordance with IAS 8
• For each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately (as a minimum) disclosing changes resulting from:
– Profit or loss
– Each item of OCI
– Transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.
An entity presents, either in the statement of changes in equity or in the notes:</td><td>Similar to IFRS, if both financial position and results of operations are presented, an entity discloses changes in the separate accounts comprising shareholder’s equity (in addition to retained earnings) and changes in the number of shares of equity securities in either a statement of changes in stockholders’ equity, the basic statements, or in the notes to financial statements (ASC 505-10-50-2).
A parent with one or more less-than-wholly-owned subsidiaries discloses for each reporting period either in the consolidated statement of changes in equity, if presented, or in the notes to consolidated financial statements, a reconciliation at the beginning and the end of the period of the carrying amount of total equity, equity attributable to the parent, and equity attributable to the noncontrolling interest. That reconciliation separately discloses (ASC 810-10-50-1A):
• Net income
• Transactions with owners acting in their capacity as owners, showing separately contributions from and distributions to owners
• Each component of OCI</td></tr>
</table>

IFRS	U.S. GAAP
• The amount of dividends recognized as distributions to owners during the period and the amount per share (IAS 1.107) • For each component of equity, an analysis of OCI by item (IAS 1.106A)	

2.5 Statement of cash flows

IFRS	U.S. GAAP
Relevant guidance: IAS 7; IFRS 5	**Relevant guidance**: ASC 230, 305 and 830: SEC Regulation S-X, Rule 5-02
Introduction	
All entities are required to present a statement of cash flows that provides information about its historical changes in cash and cash equivalents (IAS 7.1 and .4).	Similar to IFRS, except a statement of cash flows is not required to be provided by (ASC 230-10-15-4): • Defined benefit pension plans and certain other employee benefit plans that present financial information in accordance with ASC 960 • Certain investment companies that meet specified criteria
Cash and cash equivalents	
General *Cash* comprises cash on hand and demand deposits (IAS 7.6). *Cash equivalents* are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject	*General* Similar to IFRS (ASC Master Glossary, “Cash” and “Cash Equivalents”).

IFRS	U.S. GAAP
to an insignificant risk of changes in value (IAS 7.6). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition (IAS 7.7).	
Bank overdrafts In some countries, bank overdrafts which are repayable on demand form an integral part of an entity's cash management. Those bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn. Bank borrowings are generally considered to be financing activities (IAS 7.8).	*Bank overdrafts* Unlike IFRS, bank overdrafts are included in liabilities and excluded from cash equivalents. Changes in overdraft balances are financing activities. (ASC 230-10 and 305-10)
Restricted cash Restricted cash is not specifically addressed by IFRS; however, to meet the definition of cash or cash equivalents, an asset must be a short-term, highly liquid investment that is readily convertible to known amounts of cash and which is subject to an insignificant risk of changes in value (IAS 7.6-7)	*Restricted cash* U.S. GAAP does not define restricted cash; however, the SEC has some limited guidance on restricted cash. SEC rules, S-X 5-02(1), require separate disclosure of cash that is restricted as to withdrawal or usage. Unlike IFRS, U.S. GAAP explicitly states that the statement of cash flows shall explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalent (ASC 230-10-45-4).

IFRS	U.S. GAAP
Presentation and disclosure	
General The statement of cash flows reports cash flows during the period classified by the following (IAS 7.10): • Operating activities • Investing activities • Financing activities Cash flows from operating activities are reported using either the direct or the indirect method (IAS 7.18). An entity provides disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (IAS 7.44A). An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group. (IAS 7.48)	*General* Similar to IFRS (ASC 230-10-45-10, 45-25, and 45-28). Unlike IFRS, U.S. GAAP provides specific guidance about the cash flow classification of certain types of transactions. These transactions include: • Debt prepayment or debt extinguishment costs • Settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing • Contingent consideration payments made after a business combination • Proceeds from the settlement of insurance claims • Proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies • Distributions received from equity method investees • Beneficial interests in securitization transactions • Separately identifiable cash flows and application of the predominance principle
Gross vs net presentation Cash flows arising from the following operating, investing, or financing activities may be reported on a net basis (IAS 7.22):	*Gross vs net presentation* Receipts and payments are generally shown gross. Certain items may be presented net because their turnover is quick, the amounts are large, and the maturities are short. Items that qualify for net reporting are cash flows pertaining to (a) investments (other than cash equivalents), (b) loans

IFRS	U.S. GAAP
• Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity • Cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short	receivable, and (c) debt, provided that the original maturity of the asset or liability is three months or less (ASC 230-10-45-7 through 45-9).
Interest and dividends Interest and dividends received and paid are classified in a consistent manner from period to period as operating, investing, or financing activities (IAS 7.31 and .33). Interest paid and interest and dividends received are usually classified as operating cash flows for a financial institution (IAS 7.33).	*Interest and dividends* Interest and dividends received and interest paid (and expensed) are classified as operating activities (ASC 230-10-45-25b and 45-25e). Dividends paid are classified as financing activities (ASC 230-10-45-15).
Income taxes Taxes paid are classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities (IAS 7.35-.36).	*Income taxes* Taxes are generally classified as operating activities (ASC 230-10-45-17c).
Business combinations The aggregate cash flows arising from obtaining or losing control of subsidiaries or other businesses shall be presented separately and classified as investing activities (IAS 7.39). Judgement is required under IFRS to classify payments of contingent consideration. No explicit guidance exists.	*Business combinations* Similar to IFRS, cash flows from business combinations should be recorded in investing activities (ASC 230-10-45-13). Unlike IFRS, there is specific guidance for classification of contingent consideration payments. U.S. GAAP requires that payments made soon after the acquisition date of a business combination by an acquirer to settle a contingent consideration liability should be classified as investing activities. However, payments to settle a contingent consideration liability not made soon after the acquisition date of a business combination to

IFRS	U.S. GAAP
	settle a contingent consideration liability (up to the amount recognized at the acquisition date), including measurement-period adjustments, less any amounts paid to settle the liability soon after the acquisition date are classified as financing activities. Any payments that exceed both of these amounts are classified as operating activities (ASC 230-10-45-15 and 17).
Foreign exchange from foreign operations Unrealized gains and losses arising from changes in foreign currency exchange rates are not cash flows. However, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the statement of cash flows in order to reconcile cash and cash equivalents at the beginning and the end of the period. This amount is presented separately from cash flows from operating, investing, and financing activities and includes the differences, if any, had those cash flows been reported at end of period exchange rates (IAS 7.28).	*Foreign exchange from foreign operations* Similar to IFRS (ASC 830-230-45-1).
Discontinued operations Disclose in the notes or in the financial statements the amount of the net cash flows attributable to the operating, investing, and financing activities of discontinued operations (IFRS 5.33(c)).	*Discontinued operations* Unlike IFRS, separate disclosure of cash flows related to discontinued operations is not required to be presented in net cash provided or used by operating, investing, and financing activities and the net effect of those cash flows on cash and cash equivalents. An entity that nevertheless chooses to report separately operating cash flows of discontinued operations does so consistently for all periods affected, which may include periods long after sale or liquidation of the operation (ASC 230-10-45-24). Disclose either on the face of the cash flows statement or in the notes to the financial statements, related to discontinued operations on the statement of cash flows (ASC 230-10-45-24 and 205-20-50-5B(c)):

IFRS	U.S. GAAP
	• Total operating and investing cash flows of the discontinued operation for the periods in which the results of operations of the discontinued operation are presented in the statement where net income is reported • Depreciation, amortization, capital expenditures, and significant operating and investing noncash items of the discontinued operation for the periods where the results of operations of the discontinued operation are presented in statement where net income is reported
Reconciliation requirements An entity discloses the components of cash and cash equivalents and presents a reconciliation of the amounts in its statement of cash flows with the equivalent items in the statement of financial position (IAS 7.45).	*Reconciliation requirements* An entity discloses its policy for determining which items are treated as cash equivalents (ASC 230-10-50-1). Total cash and cash equivalents at the beginning and end of the period shown in the statement of cash flows are to be the same as similarly titled line items or subtotals in the balance sheet (ASC 230-10-45-4).
Direct vs indirect method IFRS encourages but does not require presentation of cash flows using the direct method. Under the indirect method, the net cash flow from operating activities is determined by adjusting profit or loss (IAS 7.19-.20).	Direct vs indirect method Like IFRS, entities are encouraged but not required to present cash flows using the direct method. Entities that choose not to use the direct method use the indirect method to determine and report the same amount for net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities (ASC 230-10-45-28). Unlike IFRS, the indirect method reconciliation begins with net income rather than profit or loss.

2.6 Non-current assets held for sale and discontinued operations

IFRS	U.S. GAAP
Relevant guidance: IFRS 5 and 13	**Relevant guidance**: ASC 205, 230, 360, and 810
Introduction	
A *discontinued operation* is a component of an entity that either has been disposed of, or is classified as held for sale, and (IFRS 5.32): • Represents a separate major line of business or geographical area of operations • Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or • Is a subsidiary acquired exclusively with a view to resale A *component of an entity* comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. A component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use (IFRS 5.31). A *cash-generating unit* is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (IFRS 5, Appendix A).	A *discontinued operation* may include a component of an entity or group of components of an entity, or a business or nonprofit activity (ASC 205-20-45-1A). A *component of an entity* or a group of components of an entity is reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results when any of the following occur (ASC 205-20-45-1B): • The component or group of components of an entity meets the criteria in ASC 205-20-45-1E as held for sale • The component or group of components of an entity is disposed of by sale • The component or group of components of an entity is disposed of other than by sale (by abandonment or in a distribution to owners in a spinoff) (ASC 360-10-45-15) Unlike IFRS, U.S. GAAP requires that a disposal represent a strategic shift. A strategic shift is defined as a shift that has or will have a major effect on an entity's operations and financial results could include a disposal of a major geographical area, major line of business, major equity method investment or other major parts of an entity (ASC 205-20-45-1C). Like IFRS, a component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial

IFRS	U.S. GAAP
	reporting purposes, from the rest of the entity. Unlike IFRS, a component of an entity may be a reportable segment or an operating segment; a reporting unit; a subsidiary; or an asset group (all as defined in the ASC Master Glossary) (ASC Master Glossary, “Component of an Entity”).
Held for sale	
General Classify a non-current asset (disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use (IFRS 5.6). The asset (disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (disposal groups) and its sale must be *highly probable* (IFRS 5.7). For the sale to be highly probable (IFRS 5.8): • The appropriate level of management must be committed to a plan to sell the asset (disposal group) • An active program to locate a buyer and complete the plan must have been initiated • The asset (disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value • The sale is expected to qualify for recognition as a completed sale within one year from the date of classification (the one-year limit is extended if conditions in IFRS 5, Appendix B apply)	*General* Similar to IFRS, an entity classifies a component or group of components of an entity or a long-lived asset (disposal group) as held for sale when it satisfies the criteria listed below that demonstrate that the entity is sufficiently committed to a plan to sell (ASC 205-20-45-1E and 360-10-45-9 through 45-14): • Management, having the authority to approve the action, commits to a plan to sell the asset (disposal group) • The asset (disposal group/entity) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (disposal groups) • An active program to locate a buyer and other actions required to complete the plan to sell the asset (disposal group) has been initiated • The sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year except as permitted by ASC 360-10-45-11 • The asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value

IFRS	U.S. GAAP
• Actions required to complete the plan are required to indicate that it is unlikely that significant changes to the plan will be made or that it will be withdrawn The probability of shareholders' approval (if required in the jurisdiction) is considered as part of the assessment of whether the sale is highly probable (IFRS 5.8). A *disposal group* is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction (IFRS 5, Appendix A). An entity that is committed to a sale plan involving loss of control of a subsidiary classifies all the assets and liabilities of that subsidiary as held for sale when the criteria in IFRS 5.6-.8 are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale (IFRS 5.8A).	• Actions required to complete the plan indicate it is unlikely that significant changes to the plan will be made or that it will be withdrawn A *disposal group* for long-lived asset(s) to be disposed of by sale or otherwise represents assets to be disposed of together as a group in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction. A disposal group may include a discontinued operation along with other assets and liabilities that are not part of the discontinued operation (ASC Master Glossary, "Disposal group").
Held for distribution to owners The classification, presentation and measurement requirements of the *Non-current Assets Held for Sale and Discontinued Operations* topic applicable to a non-current asset (or disposal group) that is classified as held for sale apply also to a non-current asset (or disposal group) that is classified as held for distribution to owners acting in their capacity as owners (IFRS 5.5A).	*Held for distribution to owners* Unlike IFRS, there is no explicit guidance on non-current asset (or disposal group) that is classified as held for distribution to owners.
Non-current assets The classification and presentation requirements of IFRS 5 apply to all recognized non-current assets and to all disposal groups of an entity (IFRS 5.2).	*Non-current assets* Unlike IFRS, the guidance in the Impairment or Disposal of Long-Lived Assets Subsections does not apply to certain assets, such as goodwill and deferred tax assets, unless they form part of a disposal group (ASC 360-10-15-5).

IFRS	U.S. GAAP
Extension beyond one year limit Events or circumstances may extend the period to complete the sale beyond the one-year limit. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group). This will be the case when the criteria in Appendix B of IFRS 5 are met (IFRS 5.9).	*Extension beyond one-year limit* Like IFRS, events or circumstances beyond an entity's control may extend the period required to complete the sale of a long-lived asset (disposal group) beyond one year. An exception to the one-year requirement shall apply in certain circumstances (ASC 360-10-45-11).
Acquisition of a non-current asset (or disposal group) exclusively with a view to its subsequent disposal When an entity acquires a non-current asset (or disposal group) exclusively with a view to its subsequent disposal, it shall classify the non-current asset (or disposal group) as held for sale at the acquisition date only if the one-year requirement is met (except when extension is permitted by the standard) and it is highly probable that any other criteria in IFRS 5.7 and IFRS 5.8 that are not met will be met within a short period following the acquisition (usually within three months) (IFRS 5.9).	*Acquisition of a non-current asset (or disposal group) exclusively with a view to its subsequent disposal* Similar to IFRS (ASC 360-10-45-12).
Measurement	
Measurement of non-current assets (disposal groups) classified as held for sale An entity measures a non-current asset (disposal group) classified as held for sale (held for distribution) at the lower of its carrying amount and fair value less costs to sell (distribute) (IFRS 5.15 and .15A).	*Measurement of long-lived assets (disposal groups) classified as held for sale* Similar to IFRS (ASC 360-10-35-38 through 35-45).

IFRS	U.S. GAAP
An impairment loss is recognized for any initial or subsequent write-down of the asset (disposal group) to fair value less costs to sell, to the extent that it has not been recognized in accordance with IFRS 5.19 (IFRS 5.20). A gain is recognized for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognized either in accordance with IFRS 5 or previously in accordance with IAS 36 (IFRS 5.21). A gain is recognized for any subsequent increase in fair value less costs to sell of a disposal group (IFRS 5.22): • To the extent that it has not been recognized in accordance with IFRS 5.19, but • Not in excess of the cumulative impairment loss that has been recognized, either in accordance with IFRS 5 or previously in accordance with IAS 36, on the non-current assets that are within the scope of the measurement requirements of IFRS 5 An entity does not depreciate (or amortize) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized (IFRS 5.25). Any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation shall be included in profit or loss from continuing operations (IFRS 5.37). If an entity removes an individual asset or liability from a disposal group classified as held for sale, the remaining assets and liabilities of the disposal group to be sold shall continue to be measured as a group only if the group meets the criteria in IFRS 5.7–9. Otherwise,	

IFRS	U.S. GAAP
the remaining non-current assets of the group that individually meet the criteria to be classified as held for sale shall be measured individually at the lower of their carrying amounts and fair values less costs to sell at that date. Any non-current assets that do not meet the criteria shall cease to be classified as held for sale (IFRS 5.29).	
Changes to a plan of sale For situations where assets or disposal groups previously classified as held for sale no longer meet those criteria, the asset or disposal group is no longer classified as held for sale and disclosure of the circumstances surrounding the change is required (IFRS 5.26-.29 and .42). After the change, the assets are remeasured at the lower of their carrying amount prior to the classification as held for sale, adjusted for any depreciation, amortization or revaluations, or their recoverable amount at the date of the subsequent decision not to sell (IAS 36), at the amounts that would have been recognized had the asset (or disposal group) not been classified as held for sale (IFRS 5.27). If an entity reclassifies an asset or disposal group directly from being held for sale to being held for distribution to owners or vice versa, then the change in classification is considered a continuation of the original plan of disposal (IFRS 5.26A and .44L).	*Changes to a plan of sale* Similar to IFRS (ASC 360-10-35-44 through 35-45; ASC 360-10-45-7).
Non-current assets to be abandoned An entity does not classify as held for sale a non-current asset (disposal group) that is to be abandoned. This is because its carrying amount will be recovered principally through continuing use. However, if the disposal group to be abandoned meets the criteria in	*Long-lived assets to be abandoned* Similar to IFRS, long-lived assets to be abandoned continue to be classified as long-lived assets to be held and used. Report those long-lived assets as discontinued operations if they meet the conditions in

IFRS	U.S. GAAP
IFRS 5.32(a)-(c), the entity presents the results and cash flows of the disposal group as discontinued operations in accordance with IFRS 5.33-.34 at the date it ceases to be used (IFRS 5.13).	ASC 205-20-45-1A through 45-1C (ASC 360-10-45-15, ASC 360-10-35-47 through 35-48).
Timing considerations	
Held for sale criteria after year end If the held for sale criteria in IFRS 5.7-.8 are met after the reporting period, an entity does not classify a non-current asset (disposal group) as held for sale in those financial statements when issued. However, when those criteria are met after the reporting period but before the authorization of the financial statements for issue, the entity discloses the information specified in IFRS 5.41(a), (b), and (d) in the notes (IFRS 5.12).	*Held for sale criteria after year end* Similar to IFRS, except for those situations where the criteria are met after the balance sheet date but before issuance of the financial statements, disclosure is required of the carrying amounts of the major classes of assets and liabilities included as part of a disposal group if not separately presented on the face of the balance sheet (ASC 360-10-45-13 and ASC 205-20-50-1(a)).
Presentation – discontinued operations	
General The key disclosures required for discontinued operations are (IFRS 5.33): • A single amount in the statement of comprehensive income comprising the total of: – The post-tax profit or loss of discontinued operations; and – The post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation • An analysis of the above single amount (in the statement of comprehensive income or in the notes) into:	*General* Like IFRS, the following is reported (net of income taxes (benefit)) separately on the face of the income statement for discontinued operations for current and prior periods in the period a discontinued operation has been disposed of or classified as held for sale (ASC 205-20-45-3 and 45-3A): • Results of operations of the component • Gain or loss recognized in accordance with ASC 205-20-45-3C A gain or loss on disposal or a loss recognized on classification as held for sale, is presented separately on the face of the income statement

IFRS	U.S. GAAP
– The revenue, expenses, and pre-tax profit or loss of discontinued operations – The related income tax expense as required by IAS 12.81(h)n – The gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation If the analysis is shown in the statement of comprehensive income it is presented in a section identified as relating to discontinued operations. • Net cash flows attributable to the operating, investing, and financing activities of discontinued operations. These disclosures may be presented either in the notes or in the financial statements. • The amount of income from continuing operations and from discontinued operations attributable to owners of the parent, presented either in the notes or in the statement of comprehensive income. If an entity presents items of profit or loss in a separate statement, a section identified as relating to discontinued operations is presented in that statement (IFRS 5.33A).	where net income is reported or disclosed in the notes (ASC 205-20-45-3B). Adjustments to amounts previously reported in discontinued operations (See ASC 205-20-45-5 for examples) in a prior period are presented separately in discontinued operations in the current period (ASC 205-20-45-4). Like IFRS, an entity discloses, either in the notes or on the face of the consolidated income statement, amounts attributable to the parent for the following, if reported in the consolidated financial statements (ASC 810-10-50-1A(b)): • Income from continuing operations • Discontinued operations Unlike IFRS, the separate disclosure of cash flows related to discontinued operations is not required to be presented for each category in the statement of cash flows. However, if an entity chooses to separately report cash flows from discontinued operations, then it does not aggregate operating, investing, and financing cash flows from discontinued operations into a single line item but instead displays them separately (ASC 230-10-45-24). Like IFRS, certain information about cash flows for discontinued operations is required to be disclosed. Either of the following must be disclosed in accordance with ASC 205-20-50-5B(C): • The total operating and investing cash flows of the discontinued operation for the periods in which the results of operations of the discontinued operation are presented in the statement where net income is reported • The depreciation, amortization, capital expenditures, and significant operating and investing noncash items of the discontinued operation for the periods in which the results of operations of the discontinued

IFRS	U.S. GAAP
	operation are presented in the statement where net income is reported
Newly acquired subsidiaries Disclosure of major classes of assets and liabilities is not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition (IFRS 5.39).	*Newly acquired subsidiaries* Unlike IFRS, there is no similar requirement for a disclosure exemption for a disposal group that is a newly acquired subsidiary.
Comparative periods For prior periods presented in the financial statements an entity re-presents the statement of comprehensive income and cash flow disclosures that are set out in IFRS 5.33 so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented (IFRS 5.34). An entity does not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the statements of financial position for prior periods to reflect the classification in the statement of financial position for the latest period presented (IFRS 5.40).	*Comparative periods* Similar to IFRS (ASC 205-20-45-3 and 45-4).
Allocation of corporate overhead IFRS does not provide explicit guidance on allocation of corporate overhead to discontinued operations.	*Allocation of corporate overhead* Unlike IFRS, U.S. GAAP explicitly prohibits allocation of general corporate overhead to discontinued operations (ASC 205-20-45-9)
Presentation − held for sale assets or disposal group	
Where a non-current asset or a disposal group qualifies as held for sale, the assets and liabilities are presented separately from other	Similar to IFRS (ASC 205-20-45-1D, 45-10 and 45-11).

IFRS	U.S. GAAP
assets and liabilities (both as separate single lines). The assets and liabilities are not offset in the statement of financial position (IFRS 5.38). The major classes of assets and liabilities classified as held for sale are separately disclosed either in the statement of financial position or in the notes (except where the disposal group is a newly acquired subsidiary that meets the criteria to be classified as held for sale on acquisition). An entity presents separately any cumulative income or expense recognized in OCI relating to a non-current asset (disposal group) classified as held for sale (IFRS 5.38-.39).	Additional disclosures are required related to a long-lived asset or disposal group which includes an individually significant component of an entity that either has been disposed of or is classified as held for sale but does not qualify for presentation and disclosure as a discontinued operation (ASC 360-10-45-14 and 50-3A).

3. General accounting policies

3.1 Accounting policies

IFRS	U.S. GAAP
Relevant guidance: IAS 1, 8, and 10	**Relevant guidance**: ASC 105, 205, 235, and 275; SEC Regulation S-K, Item 303
Disclosure of accounting policies	
General An entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements (IAS 1.117).	*General* Similar to IFRS, a description of all significant accounting policies is included as an integral part of the financial statements when those financial statements purport to present fairly financial position, cash flows, and results of operations (ASC 235-10-50-1). These disclosures identify and describe the accounting principles followed by the entity and the methods of applying those principles that materially affect the determination of financial position, cash flows, or results of operations (ASC 235-10-50-3).
Explicit statement of compliance An entity whose financial statements comply with IFRS makes an explicit and unreserved statement of such compliance in the notes.	*Explicit statement of compliance* Unlike IFRS, no similar requirement; however, it is typical to describe that U.S. GAAP is being applied.

IFRS	U.S. GAAP
Financial statements are not described as complying with IFRS unless they comply with all the requirements of IFRS (IAS 1.16).	
Judgements An entity discloses, in the summary of material accounting policies or other notes, the judgments, apart from those involving estimations that management has made in the process of applying the entity's accounting policies and that have the most significant effect on amounts recognized in the financial statements (IAS 1.122). In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts it recognizes in the financial statements. For example, management makes judgements in determining (IAS 1.123): • when substantially all the significant risks and rewards of ownership of financial assets and, for lessors, assets subject to leases are transferred to other entities; • whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue; and • whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	*Judgements* Individual codification topics generally require disclosure of judgement used to allow a user to understand the nature, amount and timing of transactions recorded. Further, SEC registrants disclose critical accounting policies in management's discussion and analysis of financial condition and results of operations; however, that information is outside of the financial statements. There is no similar requirement for non-SEC reporting entities (SEC Regulation S-K, Item 303).
Estimates An entity discloses information 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. The notes include details of the nature	*Estimates* Similar to IFRS, an entity discloses that the preparation of financial statements requires the use of management's estimates (ASC 275-10-50-4). Further, ASC 275-10-50-6 requires the discussion of estimates when based on known information available before the financial statements are issued or are available to be issued, it is

IFRS	U.S. GAAP
and carrying amount as at the end of the reporting period of those assets and liabilities (IAS 1.125).	reasonably possible that the estimate will change in the near term and the effect of the change will be material. Other ASC Topics require entities to disclose information regarding estimates used in determining the carrying amounts of assets and liabilities or in disclosure of gain or loss contingencies (ASC 275-10-50-7). An entity discloses information about a material change in the amount of an estimate if it is at least reasonably possible (more than remote but less than likely) that a change in the estimate will occur in the near term (ASC 275-10-50-8 through 50-9).
Managing capital disclosures An entity discloses information that will enable users of its financial statements to evaluate the entity's objectives, policies, and processes for managing capital (IAS 1.134).	*Managing capital disclosures* No similar requirement.
Selection and application of accounting policies	
Accounting policies selected Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. (IAS 8.5) When an IFRS Standard specifically applies to a transaction, other event, or condition, the accounting policy or policies applied to that item is determined by applying the IFRS (IAS 8.7). In a situation in which no specific IFRS Standard applies to a transaction, other event, or condition, management uses its judgment in developing and applying an accounting policy that results in information that is both (IAS 8.10):	*Accounting policies selected* The FASB Codification is the source of authoritative generally accepted accounting principles for nongovernmental entities. The SEC also provides authoritative generally accepted accounting principles for SEC registrants (ASC 105-10-05-1). If guidance for a transaction or event is not specified within a source of authoritative GAAP for that entity, an entity first considers accounting principles for similar transactions or events within a source of authoritative GAAP for that entity and then considers nonauthoritative guidance from other sources. An entity does not follow the accounting treatment specified in accounting guidance for similar transactions or events in cases in which those accounting principles either prohibit the application of the accounting treatment to

IFRS	U.S. GAAP
• Relevant to the economic decision-making needs of users • Reliable, i.e., represents faithfully; reflects the economic substance; and is neutral, prudent, and complete in all material respects In making the judgment described in IAS 8.10, management refers to, and considers the applicability of the following in this order (IAS 8.11 and .12): • IFRS dealing with similar and related issues • IASB Conceptual Framework definitions, recognition criteria, and measurement concepts for assets, liabilities, income, and expenses • Most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature, and accepted industry practices (to the extent that these do not conflict with the first two bullets above)	the particular transaction or event or indicate that the accounting treatment is not to be applied by analogy (ASC 105-10-05-2). ASC 105-10-05-3 provides examples of non-authoritative guidance and literature.
Departure from accounting principles An entity may depart from a requirement in an IFRS Standard only in extremely rare circumstances where management concludes that compliance with that requirement would be so misleading that it would conflict with the objective of financial statements set out in the IASB Conceptual Framework, if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure (IAS 1.19). In the extremely rare circumstances in which compliance with a requirement in an IFRS Standard would be so misleading, but departing from the IFRS Standard is prohibited by the relevant regulatory framework, certain disclosures are required (IAS 1.23).	*Departure from accounting principles* Unlike IFRS, an entity is not permitted to depart from generally accepted accounting principles.

IFRS	U.S. GAAP
Going concern	
Management makes an assessment of an entity’s ability to continue as a going concern, when preparing the entity’s financial statements. An entity prepares financial statements 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 (even if management did not determine this until after the reporting period). When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern, the entity discloses those uncertainties (IAS 1.25-.26 and IAS 10.14-.16).	Management has a responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and any related disclosure requirements. In connection with preparing financial statements for each annual and interim reporting period, an entity’s management evaluates whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity’s ability to continue as a going concern within one year after the date that the financial statements are issued or within one year after the date that the financial statements are available to be issued. Management’s evaluation is based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued (ASC 205-40-05 and 205-40-50). Under IFRS, the assessment period is at least one year from the financial statement date (balance sheet date) with no upper time limit. Under IFRS, disclosures are required when management is aware of material uncertainties related to events and conditions that may cast significant doubt about an entity’s ability to continue as a going concern. Under U.S. GAAP, disclosures are required when there is substantial doubt about an entity’s ability to continue as a going concern or, unlike IFRS, when substantial doubt is alleviated as a result of consideration of management’s plans.
Liquidation basis of accounting	
IFRS state that an entity prepares financial statements on the going concern basis of accounting “unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so” (IAS 1.25). However, unlike U.S. GAAP, IFRS currently do not	An entity prepares its financial statements using the liquidation basis of accounting in ASC 205-30 when liquidation is imminent unless the liquidation follows a plan for liquidation that was specified in the

IFRS	U.S. GAAP
provide explicit guidance on when or how to apply the liquidation basis of accounting.	entity's governing documents at the entity's inception (ASC 205-30-25-1).

3.2 Changes in accounting policies and correction of errors

IFRS	U.S. GAAP
Relevant guidance: IAS 1, 8, and 33	**Relevant guidance**: ASC 250, 260; SEC SAB Topic 11.M
Introduction	
The objective of IAS 8 is to prescribe the criteria for selecting and changing accounting policies along with the accounting treatment and disclosure of changes in accounting policies, changes in estimates, and correction of errors (IAS 8.1).	Similar to IFRS (ASC 250-10-05-1).
Change in accounting policy / accounting principle	
A change in accounting policy is made only if the change (a) is required by an IFRS Standard, or (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events, or conditions on the entity's financial position, financial performance, or cash flows (IAS 8.14). The initial application of a policy to revalue assets in accordance with IAS 16 or IAS 38 is a change in an accounting policy. However, that change is accounted for as a revaluation under IAS 16 or IAS 38 rather than in accordance with IAS 8 (IAS 8.17).	Similar to IFRS, a change in accounting principle is made only if (a) the change is required by a newly issued Codification update or (b) the entity can justify the use of an allowable alternative accounting principle on the basis that it is preferable (ASC 250-10-45-2). Unlike IFRS, fixed assets and intangibles are not revalued in a manner similar to that provided by IAS 16 or IAS 38. Similar to IAS 8 (ASC 250-10-45-5 through 45-8). However, retrospective application includes only the direct effects of a change in accounting principle. IAS 8 does not include specific guidance on this area. Similar to IAS 8, except that the accounting for and

IFRS	U.S. GAAP
Unless included in the specific transitional provisions, a change in accounting policy upon initial application of an IFRS Standard is applied retrospectively. This change is accounted for by adjusting the relevant opening equity balance and prior-period comparative amounts presented (IAS 8.19 and .22). When retrospective application is required by IAS 8.19(a) or (b), a change in accounting policy is applied retrospectively except to the extent that it is impracticable to determine either the period-specific or cumulative effects of the change (IAS 8.23). When it is impracticable to determine the period-specific effects on comparative information, the entity applies the new accounting policy from the earliest date practicable (IAS 8.24-.27). IAS 8.5 contains a definition of impracticable and IAS 8.50-.53 contains further guidance on impracticability in respect of retrospective application and retrospective restatement. IAS 8.30 requires disclosure of a new IFRS Standard that has been issued but is not yet effective, together with the known or reasonably estimable information relevant to assessing the possible impact the application of the new IFRS Standard will have on the entity's financial statements in the period of initial application.	disclosure of the indirect effects of a change in accounting principle is specifically addressed (ASC 250-10-45-5 and 45-8). ASC 250-10-45-9 through 45-10 lists the conditions that must be met before an entity can conclude that it is impracticable to apply the effects of a change in accounting principle retrospectively. SEC SAB Topic 11.M contains similar disclosure requirements for SEC registrants.
Correction of errors	
Prior period errors (IAS 8.41) are corrected retrospectively in the first set of financial statements authorized for issue after their discovery by (IAS 8.42): • Restating the comparative amounts for prior periods in which the error occurred	Like IFRS, a correction of an error in previously issued financial statements is reported as a prior-period adjustment by restating the prior-period financial statements (ASC 250-10-45-23). Restatement requires: • The cumulative effect of the error on periods prior to those presented is reflected in the carrying amounts of assets and liabilities as of the beginning of the first period presented

IFRS	U.S. GAAP
• If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities, and equity for the earliest prior period presented A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error. When it is impracticable to determine the period specific effects, an entity shall restate the opening balances of assets, liabilities, and equity for the earliest period for which retrospective restatement is practicable (which may be the current period) (IAS 8.43-.48).	• An offsetting adjustment, if any, is made to the opening balance of retained earnings for that period • Financial statements for each individual prior period presented are adjusted to reflect correction of the period-specific effects of the change In determining materiality for the purpose of reporting the correction of an error, amounts are related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings are separately disclosed in the interim period (ASC 250-10-45-27). Unlike IFRS, there is no similar requirement for an impracticability exception with respect to a correction of an error.
Change in estimates	
Changes in estimates are accounted for prospectively other than for a change to which IAS 8.37 applies (IAS 8.34-.38). To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it is recognized by adjusting the carrying amount of the related asset, liability, or equity item in the period of the change (IAS 8.37). A change in accounting estimate may result from new information or new developments and is not the correction of an error (IAS 8.34). The effects of a change in an input or in a measurement technique used to develop an accounting estimate are changes in accounting	Changes in accounting estimate are accounted for in (a) the period of change if the change affects that period only or (b) the period of change and future periods if the change affects both. Changes in accounting estimate are not accounted for by restating or retrospectively applying the change to prior periods or by reporting pro forma amounts for prior periods. (ASC 250-10-45-17).

IFRS	U.S. GAAP
estimates unless they result from the correction of prior period errors (IAS 8.34A).	
Presentation	
Basic and diluted earnings per share of all periods presented are adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively (IAS 33.64). When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements, and those changes have a material effect on the information in the statement of financial position at the beginning of the preceding period, it is required to present a third statement of financial position as of the beginning of the preceding period in addition to the minimum comparative financial statements (IAS 1.40A through .40D). When an additional statement of financial position is required to be presented, an entity discloses the information required by IAS 1.41-.44 and IAS 8. However, the related notes to the opening statement of financial position at the beginning of the preceding period are not required (IAS 1.40C).	Like IFRS, if prior period results of operations are restated, then earnings per share data for the prior period are restated (ASC 260-10-55-15 through 55-16). Unlike IFRS, there is no similar requirement for a third balance sheet as of the beginning of the preceding period.

4. Assets

4.1 Property, plant, and equipment

IFRS	U.S. GAAP
Relevant guidance: IAS 16, 23, and 36; IFRIC 1	**Relevant guidance**: ASC 350, 360, 410, 820, 835, 845, 852, and 908; Concepts Statement 5; SEC SAB Topic 5:CC
Introduction	
General objective The objective of IAS 16 is to prescribe the accounting treatment for property, plant, and equipment, including bearer plants, so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognized in relation to them (IAS 16.1).	*General objective* Similar to IFRS (ASC 360-10-05-2). The accounting for development costs for land, orchards, groves, vineyards, intermediate-life plants, trees and vines, breeding and production animals and field or row crops is in ASC 905-360 and is similar to the guidance under IFRS except the revaluation approach is not permitted.
Property, plant, and equipment definition *Property, plant, and equipment* are tangible items that are (IAS 16.6):	*Property, plant, and equipment definition* Similar to IFRS (ASC 360-10-05-3).

IFRS	U.S. GAAP
• Held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are • Expected to be used during more than one period	
Initial recognition	
General The cost of an item of property, plant and equipment is recognized as an asset if, and only if (IAS 16.7): • It is probable that future economic benefits associated with the item will flow to the entity; and • The cost of the item can be measured reliably An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost (IAS 16.15). IAS 16.16-.22 contains detailed rules on the elements of cost. IAS 23 establishes criteria for the recognition of interest as a component of the carrying amount of a self-constructed item of property, plant, and equipment (IAS 16.22). IFRS prohibits deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity would recognize those sales proceeds in profit or loss (IAS 16.20A).	*General* Similar to IFRS, historical cost of acquiring an asset includes the costs necessarily incurred to bring it to the condition and location necessary for its intended use. If an asset requires a period of time in which to carry out the activities necessary to bring it to that condition and location, the interest cost incurred during that period as a result of expenditures for the asset is a part of the historical cost of acquiring the asset (ASC 360-10-30-1 and 835-20-05-1). Refer to ASC 805 and 845 for guidance on accounting for other assets in a business combination or nonmonetary transaction respectively.

IFRS	U.S. GAAP
If not presented separately in the statement of comprehensive income, that the financial statements shall also disclose (IAS 16.74A): • the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss; and • the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities.	
Measurement The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest over the period of credit unless such interest is capitalized in accordance with IAS 23 (IAS 16.23).	*Measurement* Historical cost is the amount of cash, or its equivalent, paid to acquire an asset, commonly adjusted after acquisition for amortization or other allocations (Concepts Statement 5.67a).
Restoration/decommissioning obligations IAS 16.16(c) requires the initial recognition to include an estimate of the costs of dismantling and removing the item and site restoration. This applies when the entity has an obligation as a consequence of using the item for a purpose other than production of inventory. Decommissioning or restoration costs related to the production of inventory are included in the cost of inventory (IAS 16.18). Under IFRS, changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of	*Asset retirement obligations* Like IFRS, upon initial recognition of a liability for an asset retirement obligation, an entity capitalizes an asset retirement cost by increasing the carrying amount of the related long-lived asset by the same amount as the liability (ASC 410-20-25-5). Unlike IFRS, asset retirement obligations incurred through production of inventory are not considered part of the cost of inventory. Like IFRS, changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows shall be recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost

IFRS	U.S. GAAP
the asset, the excess shall be recognized immediately in profit or loss (IFRIC 1.5). If the revaluation model is being used for the related asset, changes in the liability alter the revaluation surplus or deficit previously recognized on that asset are accounted for as follows (IFRIC 1.6): • a decrease in the liability shall be recognized in other comprehensive income and increase the revaluation surplus within equity, except that it shall be recognized in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognized in profit or loss. • if a decrease in the liability exceeds the carrying amount that would have been recognized had the asset been carried under the cost model, the excess shall be recognized immediately in profit or loss. • an increase in the liability shall be recognized in profit or loss, except that it shall be recognized in other comprehensive income and reduce the revaluation surplus within equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.	capitalized as part of the carrying amount of the related long-lived asset (ASC 410-20-35). Unlike IFRS, a revaluation model cannot be used.
Asset exchanges	
IAS 16.24-.26 deal with assets acquired in an exchange for non-monetary asset(s), or a combination of monetary and non-monetary assets (and whether the new asset is recognized at its fair value or the carrying amount of the asset given up – the emphasis is on substance over form).	Exchanges of nonmonetary assets are generally recorded at fair value. However, if the exchange lacks commercial substance, fair value is not determinable, or it’s an exchange transaction to facilitate sales to customers, the exchange is recorded using a carryover basis (ASC 845-10-30-1 through 30-3).

IFRS	U.S. GAAP
Subsequent costs	
IAS 16.13 requires that subsequent expenditure on components is added to cost (and the replaced element derecognized) (IAS 16.67-.72). Day-to-day servicing costs are expensed (IAS 16.12). Costs of major periodic inspections are capitalized (IAS 16.14) and any remaining carrying amount of the previous inspection cost is derecognized.	Cost of routine maintenance is expensed as incurred. Major inspections and overhauls may be expensed as incurred (direct expensing method) or capitalized and amortized to the next major inspection or overhaul (built-in overhaul and deferral methods) (ASC 908-720-25-3; ASC 908-360-35-4 through 35-6).
Revaluations	
General Revaluations are permitted (as an alternative to the cost model), but not required, but if revalued are done on a class-by-class basis (IAS 16.29): • Revalue to fair value (usually market value) if fair value can be measured reliably (IAS 16.31) • Revaluations are to be sufficiently regular that the carrying amount does not differ materially from fair value at the end of the reporting period (IAS 16.31 and .34) If an item of property, plant and equipment is revalued, the entire class of property, plant, and equipment to which that asset belongs is revalued (IAS 16.36). When property, plant and equipment is revalued, the carrying amount of the asset is adjusted to the revalued amount. At the date of revaluation, the asset is treated by either:	*General* Unlike IFRS, revaluation is not permitted except for impairment (see Section 4.4, "Impairment"). Reversals of impairment losses are not permitted (ASC 350-20-35-13, ASC 350-30-35-20, and ASC 360-10-35-20). Property, plant and equipment is not written up by an entity to reflect appraisal, market, or current values which are above cost to the entity, except in special cases such as quasi-reorganizations (ASC 852-740-45-3).

IFRS	U.S. GAAP
• Adjusting gross carrying amount, consistent with the revaluation of the carrying amount of the asset, or • Eliminating the accumulated depreciation against the gross carrying amount of the asset The amount of the adjustment of accumulated depreciation forms part of the increase or decrease in carrying amount in IAS 16.39 and .40, noted below (IAS 16.35).	
Revaluation upward If an asset's carrying amount is increased as a result of a revaluation, the increase is recognized in OCI and accumulated in equity under the heading of revaluation surplus. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss (IAS 16.39).	*Revaluation upward* Unlike IFRS, revaluation is not permitted except for impairment (see Section 4.4, "Impairment"). Reversals of impairment losses are not permitted (ASC 350-20-35-13, ASC 350-30-35-20, and ASC 360-10-35-20).
Revaluation downward If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease is recognized in OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in OCI reduces the amount accumulated in equity under the heading of revaluation surplus (IAS 16.40).	*Revaluation downward* Unlike IFRS, revaluation is not permitted except for impairment (see Section 4.4, "Impairment"). Reversals of impairment losses are not permitted (ASC 350-20-35-13, ASC 350-30-35-20, and ASC 360-10-35-20).
Revaluation reserve transfer The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognized. This may involve transferring the whole amount of the surplus when the asset is retired	*Revaluation reserve transfer* Unlike IFRS, revaluation is not permitted except for impairment (see Section 4.4, "Impairment"). Reversals of impairment losses are not

IFRS	U.S. GAAP
or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss (IAS 16.41).	permitted (ASC 350-20-35-13, ASC 350-30-35-20, and ASC 360-10-35-20).
Depreciation	
General Depreciation is recognized as long as the asset's residual value does not exceed its carrying amount in which case the depreciation charge is zero unless its residual value subsequently decreases to an amount below the asset's carrying amount (IAS 16.52-.54). Land is generally not depreciated (IAS 16.58). A depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits of the assets (IAS 16.62A). Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management (IAS 16.55).	*General* Property, plant, and equipment (less estimated salvage value) are depreciated over their expected useful lives. (ASC 360-10-35-4). Land is not depreciated. ASC 360-10-35 addresses acceptable methods of depreciation. Similar to IFRS, depreciation begins once an asset is available for its intended use (ASC 360-10-30-1 through 30-2 and ASC 360-10-35-4).
Residual value review The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with IAS 8 (IAS 16.51).	*Salvage value review* Unlike IFRS, there is no explicit requirement that salvage values (i.e., residual values) and useful life be reviewed annually. However, if facts and circumstances indicate a change may be required, they should be reassessed.

IFRS	U.S. GAAP
	However, for SEC registrants, there is an expectation of a continual evaluation of the appropriateness of useful lives of long-lived assets and to changes to estimated residual values (SEC SAB Topic 5: CC).
Useful life The asset management policy of the entity may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgment based on the experience of the entity with similar assets (IAS 16.57).	*Useful life* ASC 360-10-35-4 requires depreciation over the expected useful life of the facility in such a way as to allocate it as equitably as possible to the periods during which services are obtained from the use of the facility.
Component depreciation Component depreciation is required whereby each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately (IAS 16.43). The carrying amounts of parts or components that are replaced are derecognized (IAS 16.70).	*Component depreciation* Unlike IFRS, component depreciation is not required but is allowed. Depreciation method is to be systematic and rational (ASC 360-10-35-4).
Depreciation when held for sale Depreciation ceases in accordance with IFRS 5 if the asset qualifies as held for sale (see Section 2.6, “Non-current assets held for sale and discontinued operations”) (IAS 16.3).	*Depreciation when held for sale* Similar to IFRS (ASC 360-10-35-43).
Maintenance costs Under IFRS, an entity expenses the costs of the day-to-day servicing. Costs of day-to-day servicing are primarily the costs of labor and consumables and may include the cost of small parts. The	*Maintenance costs*

IFRS	U.S. GAAP
purpose of these expenditures is often described as for the "repairs and maintenance" of the item of property, plant, and equipment (IAS 16.12) There are some exceptions, for instance when regular major inspections have to be performed (IAS 16.14).	Like IFRS, all routine maintenance should be expensed as it is not an activity to bring an asset to the condition and location necessary for intended use (ASC 360-10-30-1 through 30-2).
Borrowing costs	
General Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense (IAS 23.1). IAS 23 applies to a *qualifying asset,* which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (IAS 23.5). Financial assets, and inventories that are manufactured, or otherwise produced, over a short period of time are not qualifying assets. Assets that are ready for their intended use or sale when acquired are not qualifying assets (IAS 23.7).	*General* Similar to IFRS (ASC 360-10-30-1, 835-20-15-5 through 15-6). Unlike IFRS, the definition of a qualifying asset does not include the term substantial (ASC 835-20-15-5 through 15-6). Similar to IFRS, however ASC 835 more explicitly lists asset types for which interest shall be capitalized (qualifying assets) and asset types for which interest should not be capitalized (ASC 835-20-15-5 through 15-6.
Definition of borrowing costs *Borrowing costs* are interest and other costs that an entity incurs in connection with the borrowing of funds (IAS 23.5). Borrowing costs may be interpreted more broadly than interest costs (e.g., exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) (IAS 23.6).	*Definition of borrowing costs* Unlike IFRS, borrowing costs are generally limited to interest cost (ASC 835-20-05-1). Interest cost includes interest recognized on obligations having explicit interest rates, interest imputed on certain types of payables in accordance with ASC 835-30, and interest related to a capital lease determined in accordance with ASC 840–30. With respect to obligations having explicit interest rates, interest cost includes amounts resulting from periodic amortization of discount or premium and issue costs on debt (ASC Master Glossary, "Interest Cost").

IFRS	U.S. GAAP
Capitalization of costs An entity capitalizes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. An entity recognizes other borrowing costs as an expense in the period in which it incurs them (IAS 23.8).	*Capitalization of costs* Similar to IFRS, Interest costs are capitalized as part of the historical cost of qualifying assets when those assets require a period of time (e.g., a construction period) to get them ready for their intended use (ASC 835-20-05-1 and ASC 360-10-30-1).
Specifically borrowed funds When an entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings (IAS 23.12).	*Specifically borrowed funds* Like IFRS, when an entity borrows funds specifically for the purpose of obtaining a qualifying asset, an entity may use the rate of that borrowing (ASC 835-20-30-3). However, unlike IFRS, a deduction for income earned is generally not permitted, unless particular tax-exempt borrowings are involved (ASC 835-20-30-10).
Generally borrowed funds To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalizes during a period shall not exceed the amount of borrowing costs it incurred during that period. (IAS 23.14).	*Generally borrowed funds* Similar to IFRS, in identifying the borrowings to be included in the weighted average rate, the objective is a reasonable measure of the cost of financing acquisition of the asset in terms of the interest cost incurred that otherwise could have been avoided. Judgment is required to make a selection of borrowings that best accomplishes that objective in the circumstances. However, the use of judgment in determining capitalization rates does not circumvent the requirement that a capitalization rate be applied to all capitalized expenditures for a qualifying asset to the extent that interest cost has been incurred during an accounting period (ASC 835-20-30-4).
Capitalization commencement IAS 23 begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement	*Capitalization commencement*

IFRS	U.S. GAAP
date for capitalization is the date when the entity first meets all of these conditions (IAS 23.17-.19): • Incurs expenditures for the asset • Incurs borrowing costs • Undertakes activities necessary to prepare the asset for its intended use or sale	Interest cost capitalization is required when activities to get the asset ready for intended use are in progress, expenditures have been made, and interest cost is being incurred (ASC 835-20-25-3). In cases involving qualifying assets financed with the proceeds of tax-exempt borrowings that are externally restricted, the capitalization begins at the date of the borrowing (ASC 835-20-25-8).
Capitalization suspension An entity suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset (IAS 23.20). An entity ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete (IAS 23.22).	*Capitalization suspension* Similar to IFRS, an entity suspends capitalization of borrowing costs during extended delays in construction (ASC 835-20-25-4) and ceases capitalization of borrowing costs once the asset is ready for use (ASC 835-20-25-5).
Impairment considerations When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realizable value, the carrying amount is written down or written off in accordance with the requirements of other standards. In certain circumstances, the amount of the write down or write-off is written back in accordance with those other standards (IAS 23.16).	*Impairment considerations* Accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset is an indicator that the asset is to be tested for impairment (ASC 360-10-35-21(d)).
Impairment	
There is no requirement for annual impairment reviews of property, plant and equipment. However, IAS 36 contains rules on impairment	Similar to IFRS, there is no requirement for annual impairment reviews of property, plant, and equipment. However, ASC 360-10, *Impairment or Disposal of Long-Lived Assets*, subsections contain rules on impairment

IFRS	U.S. GAAP
and may require an impairment review if an indication of impairment exists (IAS 16.63). See Section 4.4, "Impairment."	and may require an impairment review if an indication of impairment exists (ASC 360-10-35-21). See Section 4.4, "Impairment."

4.2 Investment property

IFRS	U.S. GAAP
Relevant guidance: IAS 40 and 16; IFRS 3, 5, 13, and 16.	**Relevant guidance**: See Section 4.1, "Property, plant, and equipment," and ASC 360, 805, 842, 845, 970, and 976.
Introduction	
General *Investment property* is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for (IAS 40.5): • Use in the production or supply of goods or services or for administrative purposes; or • Sale in the ordinary course of business Also, see IAS 40.7-.15, which supplements the basic definition.	*General* Unlike IFRS, there is no equivalent requirement. Property held for investment purposes is treated the same as other property, plant, and equipment (see Section 4.1, "Property, plant, and equipment"). Real estate guidance is included in ASC 970, and ASC 976. However, this industry specific guidance is outside the scope of this guide.
Examples of investment properties Examples of investment property are (IAS 40.8):	*Examples of investment properties* Unlike IFRS, no similar requirement.

IFRS	U.S. GAAP
• Land held for long-term capital appreciation rather than short-term sale in the ordinary course of business • Land held for a currently undetermined future use. (If an entity has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation.) • A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases • A building that is vacant but is held to be leased out under one or more operating leases • Property that is being constructed or developed for future use as investment property IAS 40 excludes owner-occupied property from being investment property (IAS 40.7 and .9(c)). IAS 16 applies to owned owner-occupied property and IFRS 16, *Leases,* applies to owner-occupied property held by a lessee as a right-of-use asset.	
Lessee of investment property An investment property held by a lessee as a right-of-use asset shall be measured initially at its cost in accordance with IFRS 16 (IAS 40.29A), and shall be presented in the statement of financial position as an investment property rather than as a right-of-use asset (IFRS 16.48).	*Lessee of investment property* Like IFRS, a lessee of an investment property accounts for the investment property under the leasing standard (ASC 842). Unlike IFRS, there is not separate presentation guidance for an investment property. However, unlike IFRS, an investment property is not presented separately.
Portions of investment properties Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative	*Portions of investment properties* Unlike IFRS, no similar requirement.

IFRS	U.S. GAAP
purposes. If these portions could be sold separately (or leased out separately under a finance lease), an entity accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes (IAS 40.10).	
Services to occupants If the owner of the property provides services to the occupants, and those services are significant, that property is owner-occupied rather than an investment property. If services are insignificant, the property may be treated as an investment property (IAS 40.11-.14).	*Services to occupants* Unlike IFRS, no similar requirement.
Asset acquisition vs business combination Judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset or group of assets or a business combination within the scope of IFRS 3. The guidance in IFRS 3, not IAS 40.7-.14, would be applied to determine if the acquisition qualifies as a business combination (IAS 40.14A).	*Asset acquisition vs business combination* Similar to IFRS, ASC 805 would be applied to see if an acquisition is an asset acquisition or business combination.
Investment properties leased on an intercompany basis In some cases, an entity owns property that is leased to, and occupied by, its parent or another subsidiary. The property does not qualify as investment property in the consolidated financial statements, because the property is owner-occupied from the perspective of the group. However, from the perspective of the entity that owns it, the property is investment property if it meets the definition in IAS 40.5. Therefore, the lessor treats the property as investment property in its individual financial statements (IAS 40.15).	*Investment properties leased on an intercompany basis* Unlike IFRS, no similar requirement.

IFRS	U.S. GAAP
Measurement at recognition	
Initial recognition An owned investment property is measured initially at its cost. Transaction costs are included in the initial measurement (IAS 40.20). An investment property held by a lessee as a right-of-use asset shall be measured initially at its cost in accordance with IFRS 16 (IAS 40.29A).	*Initial recognition* Unlike IFRS, investment properties are recognized as part of property, plant and equipment. Like IFRS, a lessee of an investment property accounts for the investment property under the leasing standard (ASC 842).
Costs eligible for capitalization The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs. Cost of an investment property is not increased by items such as start-up costs (unless necessary to bring the property to the condition necessary for it to be capable of operating in the manner intended by management, operating losses incurred before planned level of occupancy or abnormal amounts of wasted material, labor or other resources incurred in constructing or developing the property (IAS 40.21-23).	*Costs eligible for capitalization* Similar to IFRS, but cost recognition follows the property, plant, and equipment guidance (see Section 4.1, “Property, plant, and equipment”).
Non-monetary exchanges IAS 40.27-.29 contains guidance where the asset is acquired in exchange for a non-monetary asset(s), or a combination of monetary and non-monetary assets (similar to IAS 16).	*Non-monetary exchanges* Exchanges of nonmonetary assets are covered by ASC 845.

IFRS	U.S. GAAP
Measurement after recognition	
Recognition approaches Except for IAS 40.32A, IAS 40 permits two recognition approaches. An entity chooses as its accounting policy one of the following models and applies that policy to all of its investment property (IAS 40.30): • Fair value model, with annual remeasurement where movements are recognized in profit or loss (IAS 40.33-.55) • Cost model, i.e., carry at cost less depreciation (measure under IAS 16 after initial recognition). Investment property that meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale) is measured in accordance with IFRS 5 or in accordance with IFRS 16 if it is held by a lessee as a right-of-use asset and is not held for sale in accordance with IFRS 5 (IAS 40.56). Change between models is permitted only if it results in providing reliable and more relevant information. This is considered highly unlikely in the case of moving from fair value model to cost model (IAS 40.31). If the cost model is adopted, certain fair value disclosures are still required (IAS 40.79(e)).	*Recognition approaches* Unlike IFRS, no similar requirement. Investment property measurement is similar to the IFRS cost model (but fair value disclosure is not required).
Fair value model	
Where the fair value model is adopted, a gain or loss from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises (IAS 40.35).	Fair value model is not permitted (except at impairment).

IFRS	U.S. GAAP
Determining fair value IAS 40.40-.41, .48, .50, and IFRS 16.34 provide guidance on determining fair value, which is determined in accordance with IFRS 13. When a lessee uses the fair value model to measure an investment property that is held as a right-of-use asset, it shall measure the right-of-use asset, and not the underlying property, at fair value.	*Determining fair value* Fair value model is not permitted (except at impairment).
Use of a valuation professional An entity is encouraged, but not required, to determine the fair value of investment property on the basis of a valuation by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued (IAS 40.32).	*Use of a valuation professional* Fair value model is not permitted (except at impairment).
Determining fair value reliably There is a rebuttable presumption that an entity can reliably measure the fair value of an investment property on a continuing basis. There may be an inability for an entity to determine fair value reliably, such as when the market for comparable properties is inactive (for example, few recent transactions, price quotes are not current or observed transaction prices indicate seller was forced to sell) and alternative reliable measurements of fair value (for example, based on discounted cash flow projections) are not available**.** If an entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If an entity determines that the fair value of an investment property (other than an investment property under construction) is not	*Determining fair value reliably* Fair value model is not permitted (except at impairment).

IFRS	U.S. GAAP
reliably measurable on a continuing basis, the entity measures that investment property using the cost model in IAS 16 for owned investment property or in accordance with IFRS 16 for investment property held by a lessee as a right-of-use asset. The residual value of the investment property shall be assumed to be zero. The entity shall continue to apply IAS 16 or IFRS 16 until disposal of the investment property (IAS 40.53)	
Transfers	
Transfers to, or from, investment property are made when, and only when, there is a change in use. A change in use occurs when a property meets or ceases to meet, the definition of an investment property and there is evidence of the change of use. In isolation, management's intentions for the use of a property does not provide evidence of a change in use. A change in use may be evidenced by (IAS 40.57): • Commencement of owner-occupation, for a transfer from investment property; • Commencement of development with a view to sale, for a transfer from investment property to inventories; • End of owner-occupation, for a transfer from owner-occupied property to investment property; or • Commencement of an operating lease to another party, for a transfer from inventories to investment property. For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with IAS 16, IFRS 16 or IAS 2 is its fair value at the date of change in use (IAS 40.60).	No similar requirement.

IFRS	U.S. GAAP
If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply IAS 16 for owned property and IFRS 16 for property held by a lessee as a right-of-use asset up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with IAS 16 or IFRS 16 and its fair value in the same way as a revaluation in accordance with IAS 16 (IAS 40.61). For a transfer from inventories to investment property that will be carried at fair value, any difference between fair value of the property at that date and its previous carrying amount is recognized in profit or loss (IAS 40.63). When an entity completes the construction or development of a self-constructed investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss (IAS 40.65).	
Disposals	
An investment property is derecognized (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal (IAS 40.66). The disposal of an investment property may be achieved by sale or by entering into a finance lease. IFRS 16 applies to a disposal effected by entering into a finance lease and to a sale and leaseback (IAS 40.67). Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized	No similar requirement.

IFRS	U.S. GAAP
in profit or loss (unless IFRS 16 requires otherwise on a sale and leaseback) in the period of the retirement or disposal (IAS 40.69).	
Held for sale	
See Section 2.6, “Non-current assets held for sale and discontinued operations.” IFRS 5 only applies where the cost model is used. Other investment properties are out of the scope of IFRS 5 (IFRS 5.5(d)).	For public entities, investment property held for sale is carried at fair value less cost to sell pursuant to ASC 360-10-S55 and S99 subsections on impairment or disposal of long-lived assets.

4.3 Intangible assets

Note: This section does not cover goodwill – see Section 9, “Business combinations,” for a discussion of goodwill.

The FASB issued ASU 2023-08, *Accounting for and Disclosure of Crypto Assets*, which provides accounting and disclosure requirements for certain crypto assets. The amendments in the ASU are designed to enhance decision-useful information about such assets and to better reflect the underlying economics of cryptocurrency transactions. The amendments provide guidance on the scope, subsequent measurement, presentation, and disclosure of in-scope crypto assets, but they do not provide guidance on the recognition, initial measurement, and derecognition of the crypto assets within its scope. The amendments in ASU 2023-08 require entities to measure crypto assets within the scope of ASC 350-60 at fair value in accordance with ASC 820, *Fair Value Measurement*, and to include the gains and losses from remeasurement in net income.

The amendments are effective for all entities for fiscal years beginning after Dec. 15, 2024, including interim periods within those fiscal years. Early adoption as of the beginning of the fiscal year is permitted for both interim and annual financial statements that have not yet been issued or been made available for issuance.

IFRS	U.S. GAAP
Relevant guidance: IAS 36 and 38; IFRS 3 and 5; SIC 32	**Relevant guidance:** ASC 350, 360, 720, 730, 805, and 985; Concepts Statement 5
Introduction	
General The objective of IAS 38 is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. IAS 38 requires an entity to recognize an intangible asset if specified criteria are met. IAS 38 also specifies how to measure the carrying amount of intangible assets (IAS 38.1). An intangible asset is an identifiable non-monetary asset without physical substance (IAS 38.8). An asset is identifiable if it either is (IAS 38.12): • Separable – capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so, or • Arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations	*General* Similar to IFRS (ASC 350-30-05-1). Intangible assets are defined as assets (not including financial assets) that lack physical substance (ASC Master Glossary, “Intangible Assets”).
Held for sale If intangible assets qualify as held for sale then IFRS 5 measurement and presentation rules apply (IAS 38.3(h)).	*Held for sale* Like IFRS, if intangible assets qualify as held for sale, then ASC 360-10-35-15 through 35-49, Impairment or Disposal of Long-Lived Assets, subsections on measurement and presentation rules apply.

IFRS	U.S. GAAP
Intangible assets arising from contracts with customers Intangible assets arising from contracts with customers are accounted for in accordance with IFRS 15 (IAS 38.3 (i))	*Intangible assets arising from contracts with customers* The guidance on the transfer or sale of intangible assets is addressed in ASC 350-10-40. An entity shall account for the derecognition of a nonfinancial asset, including an in substance nonfinancial asset, within the scope of this ASC 350 in accordance with Subtopic 610-20 on gains and losses from the derecognition of nonfinancial assets, unless a scope exception from Subtopic 610-20 applies. For example, the derecognition of a nonfinancial asset in a contract with a customer shall be accounted for in accordance with Topic 606 on revenue from contracts with customers. An entity shall account for the derecognition of a subsidiary or a group of assets that is either a business or nonprofit activity in accordance with the derecognition guidance in Subtopic 810-10 (ASC 350-10-40-1 through 40-2).
Recognition and measurement	
General If an item meets the definition of an intangible asset, it is recognized if: • The cost of the asset can be measured reliably (IAS 38.21) or acquired in a business combination (IAS 38.33) • It is probable that the expected future economic benefits (IAS 38.17) will flow to the entity (IAS 38.21) – this criterion is always considered to be satisfied if the intangible asset is separately acquired (IAS 38.25)	*General* An intangible asset that is acquired individually or with a group of other assets (other than those acquired in a business combination) is recognized if it meets the asset-recognition criteria in Concepts Statement 5. It does not have to meet the contractual-legal criterion or the separability criterion (ASC 350-30-25-4).
Measurement The cost of separately acquired intangible assets (not as part of a business combination) includes (IAS 38.27):	*Measurement* Similar to IFRS. An intangible asset that is acquired individually or with a group of other assets (but not those acquired in a business

IFRS	U.S. GAAP
• Purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates • Directly attributable costs of preparing the asset for its intended use	combination) is measured based on the guidance included in ASC 805-50-15-3 and ASC 805-50-30-1 through 30-4. The cost of a group of assets acquired in a transaction (other than those acquired in a business combination) is allocated to the individual assets based on their relative fair values and does not give rise to goodwill (ASC 805-50-30-3). Unlike IFRS, there is no guidance on costs of preparing the asset for its intended use.
Contingent consideration IFRS has no explicit guidance.	*Contingent consideration* Like IFRS, no explicit guidance exists regarding the accounting for contingent consideration in an asset acquisition.
Research and development (internally generated intangible assets)	
General No intangible asset arising from research (or from the research phase of an internal project) is recognized. Expenditure on research (or on the research phase of an internal project) is recognized as an expense when incurred (IAS 38.54). An intangible asset arising from development (or from the development phase of an internal project) is recognized if an entity can demonstrate all of the following (IAS 38.57): • Technical feasibility of completing the intangible asset so it will be available for use or sale • Intention to complete the intangible asset and use or sell it • Ability to use or sell the intangible asset	*General* Like IFRS, expenditures related to research activities are expensed as incurred (ASC 730-10-25-1). Costs related to computer software are discussed below. Unlike IFRS, expenditures related to development activities are expensed as incurred (ASC 730-10-25-1). Costs of internally developing, maintaining, or restoring intangible assets (including goodwill) that are not specifically identifiable, that have indeterminate lives, or that are inherent in a continuing business and related to an entity as a whole, are expensed when incurred (ASC 350-20-25-3).

IFRS	U.S. GAAP
• How the intangible asset will generate probable future economic benefits • Availability of adequate technical, financial, and other resources to complete development and to use or sell the intangible asset • Ability to reliably measure the expenditure attributable to the intangible asset during its development Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognized as intangible assets (IAS 38.63). The cost of an internally generated intangible asset is the sum of all expenditures incurred from the date the recognition criteria in IAS 38.21, .22, and .57 are first met (IAS 38.65). IAS 38.66-.67 provides examples of costs of internally generated intangible assets that are and are not capitalizable – for instance, identified inefficiencies, initial operating losses, and training costs are all specifically excluded from capitalization.	
In-process R&D (IPR&D) acquired (outside a business combination) In-process R&D acquired outside of a business combination can be accounted for as an asset (see research and development section above).	*In-process R&D (IPR&D) acquired (outside a business combination)* Unlike IFRS, U.S. GAAP contains an “alternative use” concept for IPR&D. The costs of intangible assets, including IPR&D, that are purchased for use in research and development activities and that have alternative future uses can be accounted for as an asset (ASC 730-10-25-2(c)). However, the costs of intangibles that are purchased for a particular research and development project and that have no alternative future uses and therefore no separate economic values are research and development costs at the time the costs are incurred (ASC 730-10-25-2(c)).

IFRS	U.S. GAAP
Acquisition as part of a business combination	
IAS 38.33-.37 provides guidance for the initial measurement and recognition of an intangible asset acquired in a business combination: • In accordance with IFRS 3, if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. Both the probability recognition criterion and the reliable measurement criterion in IAS 38.21 are always considered to be satisfied for intangible assets acquired in a business combination. • In accordance with IFRS 3 and IAS 38, an acquirer recognizes at the acquisition date, separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognized by the acquiree before the business combination. The in-process research and development project of the acquiree must meet the definition of an intangible asset and be identifiable.	Similar to IFRS, an intangible asset acquired in a business combination is recognized at fair value separately from goodwill if it is separable or it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable (ASC 805-20-25-10 and ASC Master Glossary, “Identifiable”). An acquired in-process research and development project is recognized as an indefinite-lived intangible asset at its acquisition-date fair value (ASC 350-30-35-17A, 18B and ASC 730-10-15-4).
Recognition of an expense	
An expenditure on an intangible item is not capitalized unless it forms part of the cost of an intangible asset that meets the recognition criteria in IAS 38 or is acquired in a business combination and cannot be recognized as an intangible asset, in which case it is recognized as part of the goodwill (IAS 38.68). Some expenditures may be incurred to provide a future economic benefit, but an intangible asset or other asset is not created or acquired that can be recognized (IAS 38.69). In these situations, the expenditure is recognized as an expense when it is incurred. Examples of such expenditures include:	Similar to IFRS, except for certain advertising expenditures, which are expensed as incurred (similar to IFRS) or the first time the advertising takes place (unlike IFRS), except as noted below (ASC 720-35-25-1). When an entity assumes an obligation to reimburse customers for some of all of the customers’ advertising costs (cooperative advertising), the revenue related to the transactions creating those obligations is recognized before the expenditures are made, those obligations are accrued, and the related advertising costs are expensed when the related revenues are recognized (ASC 720-35-25-1A).

IFRS	U.S. GAAP
• Start-up activities unless the expenditure is included in the cost of property, plant, and equipment under IAS 16 • Training activities • Advertising and promotional activities • Relocation or reorganization activities Expenditure on an intangible item that was initially recognized as an expense is not recognized as part of the cost of an intangible asset at a later date (IAS 38.71).	
Measurement after recognition	
Selection of measurement model An entity chooses either the cost model in IAS 38.74 or the revaluation model in IAS 38.75 as its accounting policy (IAS 38.72). If the revaluation model is selected, all the other assets in that class are also accounted for using the same model, unless there is no active market for those assets (IAS 38.72).	*Selection of measurement model* Unlike IFRS, revaluation is not permitted (ASC 350-30-35-14).
Mechanics of each model Cost model: After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any impairment losses (IAS 38.74). Revaluation model: After initial recognition, an intangible asset is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortization and any subsequent accumulated impairment losses. Fair value is measured by reference to an active market for the purpose of revaluations under	*Mechanics of each model* Similar to IFRS, when comparing the IFRS cost model to U.S. GAAP (ASC 350-30-35). Unlike IFRS, revaluation is not permitted (ASC 350-30-35-14).

IFRS	U.S. GAAP
IAS 38. Revaluations are made with such regularity that at the end of the reporting period, the carrying amount of the asset does not differ materially from its fair value (IAS 38.75). The frequency of revaluations depends on the volatility of the fair values of the intangible assets being revalued. If the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is necessary. Some intangible assets may experience significant and volatile movements in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for intangible assets with only insignificant movements in fair value (IAS 38.79). When an intangible asset is revaluated, the carrying amount of the asset is adjusted to the revalued amount. At the date of the revaluation, either: • The gross carrying amount is adjusted consistent with the revaluation of the carrying amount of the assets; or • The accumulated amortization is eliminated against the gross carrying amount of the asset. The amount of the adjustment of accumulated amortization forms part of the increase or decrease in the carrying amount that is accounted for in IAS 38.85 or .86 (IAS 38.80).	
Useful life and amortization	
Amortization An entity assesses whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset is regarded by the entity as having an indefinite useful life when, based on an	*Amortization* Similar to IFRS, intangible assets are amortized over their useful life unless that life is determined to be indefinite (ASC 350-30-35-6 through 35-7).

IFRS	U.S. GAAP
analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity (IAS 38.88). The term indefinite does not mean infinite (IAS 38.91). Intangible assets are amortized over their useful life unless that life is determined to be indefinite (IAS 38.97).	*Indefinite* does not mean *infinite* (ASC 350-30-35-4). Intangible assets subject to amortization are reviewed for impairment in accordance with ASC 360-10, “Impairment or Disposal of Long-Lived Assets,” subsections (ASC 350-30-35-14).
Residual value The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless, there is a commitment by a third party to purchase the asset at the end of its useful life or there is an active market for the asset and that market is expected to exist at the end of the asset's useful life (IAS 38.100). The residual value is reviewed at least at each financial year-end (IAS 38.102).	*Residual value* Like IFRS, the residual value of an intangible asset shall be assumed to be zero unless at the end of its useful life to the entity the asset is expected to continue to have a useful life to another entity and entity has a commitment from a third party to purchase the asset at the end of its useful life or the residual value can be determined by reference to an existing market for that asset and that market is expected to exist at the end of the asset's useful life (ASC 350-30-35-8). Unlike IFRS, there is no explicit guidance in U.S. GAAP on when to review residual value. However, an entity shall evaluate the remaining useful life of an intangible asset that is being amortized each reporting period (ASC 350-30-35-9).
Impairment	
An intangible asset with a finite useful life is amortized and then tested for impairment in accordance with IAS 36.7-.17. An entity assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset (IAS 36.9). An intangible asset with an indefinite useful life is not amortized (IAS 38.107). Irrespective of whether there is any indication of	An intangible asset that is amortized and other long-lived assets (a long-lived asset or asset group) are tested for impairment using a two-step process. If the carrying amount of the asset or group is not recoverable and it is greater than its fair value, an impairment loss is recognized (ASC 360-10-35-17). An intangible asset with an indefinite useful life is not amortized. It is tested for impairment annually and, more frequently, if events or

IFRS	U.S. GAAP
impairment, an entity also tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired (IAS 36.10(a) and IAS 38.108). See Section 4.4, "Impairment," for a detailed discussion of the IFRS guidance on the analysis for impairment.	changes in circumstances indicate that it is more likely than not that the asset is impaired (ASC 350-30-35-18). See Section 4.4, "Impairment," for a discussion of the U.S. GAAP guidance on the analysis for impairment.
Other matters	
Software Computer software is an intangible asset subject to the guidance in IAS 38 unless it is an integral part of related hardware, in which case, IAS 16 would apply (IAS 38.4).	*Software* Computer software costs may be capitalized as an intangible asset in certain specific circumstances. Separate guidelines are provided for internal-use software (ASC 350-40) and software to be sold, leased, or marketed (ASC 985-20).
Cloud computing arrangements No explicit guidance exists under IFRS; however, Agenda Paper 5 from the November 2018 IFRS Interpretations Committee meetings provides an analysis by the Committee on cloud computing arrangements. The Committee noted that an entity must decide whether the customer receives a software asset at the contract commencement date or a service over the contract term. The Committee noted that a customer receives a software asset at the contract commencement date if either (a) the contract contains a software lease, or (b) the customer otherwise obtains control of software at the contract commencement date.	*Cloud computing arrangements* Similar to IFRS, if the entity does not have the right to take possession of the software, it must account for the contract as a cloud computing arrangement. Because the vendor is only allowing the entity to access the software as needed, the arrangement is a service contract rather than a contract to purchase or license software. Therefore, the entity actually accounts for the service it receives from the vendor hosting the software, and not the software itself. If the entity has the ability to take possession of software under a hosting arrangement, the entity should account for the arrangement as internal-use software, and not as a cloud computing arrangement.
Costs of implementing a cloud computing arrangement	*Costs of implementing a cloud computing arrangement*

IFRS	U.S. GAAP
The accounting for implementation costs depends on if the entity receives a software asset, if so then the capitalization guidance for a regular intangible asset under IAS 38 applies. If the cloud computing arrangement is a service contract, then generally no capitalization of implementation costs can occur (IAS 38.69).	Unlike IFRS, an entity must account for the costs of implementing the cloud computing arrangement that is a service contract, as outlined in ASC 350-40.
Website development A website developed for internal or external access is an internally generated intangible asset that is subject to the guidance in IAS 38. SIC 32 provides interpretive guidance on the application of IAS 38 for web site development costs. For example, SIC 32 discusses the different stages in the development of a website and the accounting for the costs incurred in those stages.	*Website development* Similar to IFRS, website development costs are capitalized as an intangible asset in certain specific circumstances. Generally, ASC 350-50 discusses the different stages in the development of a web site and the accounting for the costs incurred in those stages. For example, ASC 350-50 refers to ASC 350-40 for internal-use software and ASC 985-20 for software to be marketed externally (ASC 350-50-25-4).

4.4 Impairment

IFRS	U.S. GAAP
Relevant guidance: IAS 36 and 38	**Relevant guidance:** ASC 350, 360, and 820
Introduction	
The objective of IAS 36 is to prescribe the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired, and IAS 36 requires the entity to recognize an	Similar to IFRS (ASC 360-10-35-15).

IFRS	U.S. GAAP
impairment loss. IAS 36 also specifies when an entity reverses an impairment loss (IAS 36.1).	
Identifying an asset that may be impaired	
Impairment assessment An entity assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset (IAS 36.9).	*Impairment assessment* Similar to IFRS (ASC 360-10-35-21).
Impairment indicators In assessing whether there is any indication that an asset may be impaired IAS 36.12 provides some minimum indicators of impairment to consider, grouped into external sources of information, internal sources of information and dividend from a subsidiary, joint venture, or associate.	*Impairment indicators* Similar to IFRS, however there are some differences in the indicators of impairment. ASC 360-10-35-21 lists six examples of events or changes in circumstances that indicate carrying amount may not be recoverable. Unlike IFRS, the indicators are not grouped into sources of information.
Asset groupings If there is any indication that an asset may be impaired, the recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity shall determine the recoverable amount of the cash-generating unit (CGU) to which the asset belongs (the asset's cash-generating unit) (IAS 36.66). A CGU is the smallest identifiable group of assets that generate cash flows that are largely independent of the cash inflows from other assets or group of assets (IAS 36.6).	*Asset groupings* Unlike IFRS, the default position is not to test an individual asset. For purposes of recognition and measurement of an impairment loss, a long-lived asset(s) is required to be grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (ASC 360-10-35-23). Unlike IFRS, separately recorded indefinite-lived intangible assets, whether acquired or internally developed, should be combined into a single unit of accounting for purposes of testing impairment if they are

IFRS	U.S. GAAP
	operated as a single asset and, as such, are essentially inseparable from one another (ASC 350-30-35-21).
Impairment testing – goodwill	
General Goodwill acquired in a business combination is allocated to the acquirer's CGUs pursuant to the guidance in IAS 36.80-.90. Each unit or group of units that goodwill is allocated to represents the lowest level within the entity that goodwill is monitored for internal management purposes and is not larger than an operating segment as defined by IFRS 8.5 before aggregation (IAS 36.80).	*General* Goodwill acquired in a business combination is assigned to one or more reporting units at the acquisition date (ASC 350-20-35-41). A reporting unit is an operating segment or one level below an operating segment (a component) (ASC 350-20-35-33 through 35-38). Unlike IFRS, which does not have a grouping class other than a CGU, goodwill is tested for impairment at the reporting unit level (ASC 350-20-35-4 through 35-8B).
Qualitative assessment IFRS does not have a qualitative assessment that can be used to do an assessment before moving to a quantitative goodwill test.	*Qualitative assessment* Unlike IFRS, an entity may first assess qualitative factors, as described in ASC 350-20-35-3A through 35-3G, to determine whether it is necessary to perform a quantitative goodwill impairment test (ASC 350-20-35-3 through 35-3E). If after assessing the totality of events or circumstances such as those described in ASC 350-20-35-3C, an entity determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the entity shall perform the quantitative goodwill impairment test (ASC 350-20-35-3E).
Quantitative goodwill impairment test Goodwill is tested for impairment at the CGU level using a one-step approach. If the recoverable amount of the unit is less than the carrying	*Quantitative goodwill impairment test* Similar to IFRS, although a CGU rather than a reporting unit is tested for impairment in the quantitative test. Under U.S. GAAP, the

IFRS	U.S. GAAP
amount of the unit, an impairment loss is recognized and allocated as follows (IAS 36.104): • First, reduce the carrying amount of any goodwill allocated to the CGU • Then, reduce the carrying amount of the other assets of the group on a pro rata basis of the carrying amount of each asset in the unit These reductions in carrying amounts are treated as impairment losses on individual assets and recognized in accordance with IAS 36.60.	quantitative goodwill impairment test, used to identify both the existence of impairment and the amount of impairment loss, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. Additionally, an entity considers the income tax effect from any tax-deductible goodwill on the carrying amount of the reporting unit, if applicable, in accordance with paragraph 350-20-35-8B when measuring the goodwill impairment loss (ASC 350-20-35-4 through 35-8B).
Timing of the goodwill impairment test A cash-generating unit to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired. The annual impairment test for a cash-generating unit to which goodwill has been allocated may be performed at any time during an annual period, provided the test is performed at the same time every year. Different cash-generating units may be tested for impairment at different times. However, if some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period (IAS 36.90 through .96).	*Timing of the goodwill impairment test* Similar to IFRS (ASC 350-20-35-28). Unlike IFRS, no specific requirement that goodwill from a business combination during the current annual period shall be tested for impairment before the end of the current annual period.
Use of a calculation from a preceding period The most recent detailed calculation made in a preceding period of the recoverable amount of a cash-generating unit to which goodwill has been allocated may be used in the impairment test of that unit in the current period subject to certain criteria being met (IAS 36.99).	*Use of a calculation from a preceding period* Unlike IFRS, no such accommodation exists for the quantitative impairment test.

IFRS	U.S. GAAP
Impairment testing – intangible assets other than goodwill and other long-lived assets	
Indefinite-lived intangible assets Irrespective of whether there is any indication of impairment, an entity tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired (IAS 36.10(a) and IAS 38.108). If it is not possible to estimate the recoverable amount of an individual asset, an entity determines the recoverable amount of the CGU to which it belongs (IAS 36.66). If the recoverable amount of the unit is less than the carrying amount of the unit, an impairment loss is recognized and allocated in accordance with IAS 36.104.	*Indefinite-lived intangible assets* Similar to IFRS, intangible assets not subject to amortization are tested for impairment annually and, more frequently, if events or changes in circumstances indicate that it is more likely than not that the asset is impaired (ASC 350-30-35-18). Unlike IFRS, an entity may first perform a qualitative assessment to determine whether it is necessary to perform the quantitative impairment test as described in paragraph ASC 350-30-35-19. An entity has an unconditional option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test as described in paragraph ASC 350-30-35-19. An entity may resume performing the qualitative assessment in any subsequent period. If an entity elects to perform a qualitative assessment, it first assesses qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that an indefinite-lived intangible asset is impaired (ASC 350-30-35-18A through 35-18F). If after assessing the totality of events and circumstances and their potential effect on significant inputs to the fair value determination an entity determines that it is more likely than not that the indefinite-lived intangible asset is impaired, then the entity calculates the fair value of the intangible asset and performs the quantitative impairment test in accordance with the following paragraph (ASC 350-30-35-18F). The quantitative impairment test for an indefinite-lived intangible asset consists of a comparison of the fair value of the asset with its carrying amount. If the carrying amount of an intangible asset exceeds its fair value, an entity recognizes an impairment loss in an amount equal to that excess. After an impairment loss is recognized,

IFRS	U.S. GAAP
	the adjusted carrying amount of the intangible asset is its new accounting basis (ASC 350-30-35-19).
Intangible assets that are amortized and other long-lived assets Intangible assets and other long-lived assets with finite useful lives are tested for impairment in accordance with IAS 36.7-17. Using a one-step approach, an entity assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset (IAS 36.9).	*Intangible assets that are amortized and other long-lived assets* An intangible asset that is subject to amortization shall be reviewed for impairment in accordance with the Impairment or Disposal of Long-Lived Assets guidance (ASC 350-30-35-14). Under this guidance assets are tested for impairment using a two-step process. If the carrying amount of the asset or group is not recoverable and it is greater than its fair value, an impairment loss is recognized. The first step determines if the asset or group is recoverable. If the carrying amount of the asset or group exceeds the sum of the undiscounted cash flows expected from the use and eventual disposition of the asset or group, it is not recoverable. The second step measures the impairment loss as the difference between the fair value of the asset or group and its carrying amount (ASC 360-10-35-17).
Cash flows and discount rates for all impairment tests	
Discounted cash flows The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. As such, under IFRS, all impairments tests use discounted cash flows.	*Discounted cash flows* Unlike IFRS, the initial impairment test is based on the carrying amount of a long-lived asset (asset group) not being recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group) (ASC 360-10-35-17). The value in use concept is not used under U.S. GAAP. Unlike IFRS, for the impairment of goodwill, the recoverable amount is the fair value of the reporting unit. In determining the fair value of a reporting unit, discounted cash flows may be used.

IFRS	U.S. GAAP
Length of forecasts used for all impairment testing IFRS has various rules on future cash flows used for impairment testing (IAS 36.33-57). IFRS has some restriction on length of management's estimates of future cash flows, with a maximum of 5 years being allowed, unless management is confident that longer forecasts are reliable and it can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period (IAS 36.35). Cash flow projections until the end of an asset's useful life are estimated by extrapolating the cash flow projections based on the financial budgets/ forecasts using a growth rate for subsequent years. This rate is steady or declining, unless an increase in the rate matches objective information about patterns over a product or industry lifecycle. If appropriate, the growth rate is zero or negative (IAS 36.36).	*Length of forecasts used for all impairment testing* Unlike IFRS, there are no explicit restrictions on the length of the forecasts used.
Reversing an impairment loss	
An impairment loss for assets other than goodwill is reversed provided certain conditions are met (IAS 36.109-.125).	Unlike IFRS, reversals of impairment losses are not permitted (ASC 350-20-35-13 and ASC 360-10-35-20).

4.5 Inventories

Accounting for inventory and cost of sales

IFRS	U.S. GAAP
Relevant guidance: IAS 2, 23, and 38; IFRS 13	**Relevant guidance**: ASC 330 and 835
Introduction	
General The objective of IAS 2 is to prescribe the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognized as an asset and carried forward until the related revenues are recognized. IAS 2 provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories (IAS 2.1).	*General* Similar to IFRS (ASC 330-10-05-1 through 05-3 and 330-10-10-1).
Scope *Inventories* are assets (IAS 2.6): • Held for sale in the ordinary course of business • In the process of production for such sale; or • In the form of materials or supplies to be consumed in the production process or in the rendering of services IAS 2 applies to all inventories except (IAS 2.2): • Financial instruments (see IAS 32 and IFRS 9)	*Scope* Similar to IFRS, the term inventory is used to designate the aggregate of those items of tangible personal property which are (ASC Master Glossary, “Inventory”): • Held for sale in the ordinary course of business • In process of production for such sale • To be currently consumed in the production of goods or services to be available for sale (ASC 330-10-20)

IFRS	U.S. GAAP
• Biological assets related to agricultural activity and agricultural produce at point of harvest (see IAS 41)	
Measurement of inventories	
Inventories are measured at the lower of cost and net realizable value (IAS 2.9). Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale (IAS 2.6). IAS 2 does not apply to the measurement of inventories held by (IAS 2.3): • Producers of agricultural and forest products, agricultural produce after harvest, and minerals and mineral products, to the extent that they are measured at net realizable value in accordance with well-established practices in those industries • Commodity broker-dealers who measure their inventories at fair value less costs to sell	Similar to IFRS, inventory measured using a method other than last-in, first-out (LIFO) or the retail cost method is measured at the lower of cost or net realizable value (ASC 330-10-35-1B). Unlike IFRS, inventories measured using LIFO or the retail inventory method are subsequently measured at the lower of cost or market (but with a ceiling of net realizable value and a floor of net realizable value less normal profit margin) (ASC Master Glossary, “Market” and ASC 330-10-35-1A). Similar to IFRS, net realizable value is the estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation (ASC Master Glossary, “Net realizable value”).
Intangible assets as inventory Intangible assets held by an entity for sale in the ordinary course of business are treated as inventory the scope of IAS 2 (IAS 38.3).	*Intangible assets as inventory* Unlike IFRS, intangible assets are not included in inventory.
Cost of inventories	
General	*General* Similar to IFRS (ASC 330-10-30-1).

IFRS	U.S. GAAP
The cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition (IAS 2.10).	
Abnormal costs and allocation of overhead Abnormal amounts of wasted materials, labor, or other production costs are excluded from the cost of inventories and recognized as expenses in the period in which they are incurred (IAS 2.16). The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (IAS 2.13).	*Abnormal costs and allocation of overhead* Similar to IFRS (ASC 330-10-30-3 through 30-7).
Interest/borrowing costs IAS 23 identifies limited circumstances where borrowing costs are included in the cost of inventories (IAS 2.17). Depending on the circumstances, inventories may be *qualifying assets* if it takes a substantial period of time to get them ready for their intended use or sale (IAS 23.5 and .7). An entity may purchase inventories on deferred settlement terms. When the arrangement effectively contains a financing element, that element, for example a difference between the purchase price for normal credit terms and the amount paid, is recognized as interest expense over the period of the financing (IAS 2.18).	*Interest/borrowing costs* Interest costs are not capitalized for inventories that are routinely manufactured or otherwise produced in large quantities on a repetitive basis (ASC 835-20-15-6g).
Cost formulas	
Permitted cost formulas The cost of inventories is assigned by using the first-in, first-out (FIFO) or weighted average cost formula. Specific identification may be used	*Permitted cost formulas* The cost-flow assumption must be the one which, under the circumstances, most clearly reflects periodic income. FIFO and

IFRS	U.S. GAAP
in certain situations. The last-in, first-out (LIFO) method is not permitted (IAS 2.23-.27 and IAS 2.BC9-BC21).	weighted average are permitted and unlike IFRS, LIFO is a permitted costing method (ASC 330-10-30-9). The U.S. income tax rules require that LIFO be used for book purposes if it is used for tax purposes.
Cost formulas used across inventories An entity uses the same cost formula for all inventories having a similar nature and use to the entity. For inventories with a different nature or use, different cost formulas may be justified (IAS 2.25).	*Cost formulas used across inventories* Unlike IFRS, the same cost formula need not be applied to all inventories having a similar nature and use (ASC 330-10-30-13 through 30-14).
Net realizable value	
Inventories are usually written down to net realizable value item by item. In some circumstances, however, it may be appropriate to group similar or related items (IAS 2.29). A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realizable value (IAS 2.33).	Unlike IFRS, a reversal of a write-down for an increase in market value is not permitted (ASC 330-10-35-14).
Recognition as an expense	
Sale of inventory	*Sale of inventory* Similar to IFRS.

IFRS	U.S. GAAP
When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized (IAS 2.34).	
Write-down of inventory The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs (IAS 2.34).	*Write-down of inventory* Unlike IFRS, a reversal of a write-down for an increase in market value is not permitted (ASC 330-10-35-14).

5. Liabilities

5.1 Leases (IFRS 16 and ASC 842)

The IASB issued amendments to IFRS 16, *Leases*, in September 2022, adding requirements for accounting for a sale and leaseback after the date of the transaction. Previously IFRS 16 only included guidance on how to account for sale and leaseback transactions at the date of the transaction itself. However, the Standard did not specify any subsequent accounting when reporting on the sale and leaseback transaction after that date. As a result, without further requirements, when the payments include variable lease payments there is a risk that a modification or change in the leaseback term could result in the seller-lessee recognizing a gain on the right of use retained even though no transaction or event would have occurred to give rise to that gain.

Consequently, the IASB decided to add subsequent measurement requirements for sale and leaseback transactions to IFRS 16. The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If the amendments are applied in an earlier period, this should be disclosed. These upcoming changes have not yet been incorporated into the table below.

IFRS	U.S. GAAP
Relevant guidance: IFRS 16	**Relevant guidance:** ASC 842 and 606
Objective	
Objective To ensure lessees and lessors provide relevant information that faithfully represents the recognition, measurement, presentation, and disclosure of leases to allow users of financial statements to assess the effect that leases have on the financial position, financial performance, and cash flows of an entity (IFRS 16.1).	*Objective* To establish the principles that lessees and lessors use to report information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease (ASC 842-10-10-2).

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<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td colspan="2">Scope</td></tr>
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Scope exceptions

Apply to all leases, including leases of right-of-use assets in a sublease, except (IFRS 16.3):

- Leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources
- Leases of biological assets within IAS 41
- Service concession arrangements under IFRIC 12
- Licenses of intellectual property granted by lessor within IFRS 15
- Rights held by lessee under licensing agreements under IAS 38 for items such as motion picture films, video recordings, plays, manuscripts, patents, and copyrights. A lessee may, but is not required to, apply lease accounting to other intangible assets (IFRS 16.4)

</td><td>

Scope exceptions

Applies to all leases, including subleases, except (ASC 842-10-15-1):

- Leases to explore for or use minerals, oil, natural gas, and similar nonregenerative resources
- Leases of biological assets, including timber
- Leases of intangible assets (unlike IFRS, in which a lessee may but is not required to apply IFRS 16 to leases of intangible assets other than rights under licensing agreements)
- Leases of inventory
- Leases of assets under construction

</td></tr>
<tr><td>

Recognition exceptions

Lessee may elect to not apply the requirements in paragraph 22-49 of IFRS 16 to:

- Short-term leases (by class of underlying asset to which the right of use relates (IFRS 16.8) and
- Leases for which the underlying asset is of low value as described in paragraphs 16.B3-.B8 (IFRS 16.5).

For those leases for which the election is made, lease payments associated with those leases are recognized as expenses on a straight-

</td><td>

Recognition exceptions

Like IFRS, a lessee may elect, by class of underlying asset, not to apply the recognition requirements in ASC 842 to short-term leases but recognize the lease payments in profit or loss on a straight-line basis over the lease term and variable lease payments in the period the obligation for those payments is incurred (ASC 842-20-25-2).

Unlike IFRS, U.S. GAAP does not contain an exemption for leases where the underlying asset is of low value.

</td></tr>
</table>

IFRS	U.S. GAAP
line basis over the lease term or another systematic basis if more representative of the pattern of a lessee's benefit (IFRS 16.6).	
Identifying a lease	
Definition of a lease A contract is, or contains, a lease when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration (IFRS 16.9).	*Definition of a lease* Similar to IFRS, except U.S. GAAP specifies that an identified asset must be property, plant, or equipment (ASC 842-10-15-3).
Timing of lease identification At inception of a contract, assess whether contract is or contains a lease. (IFRS 16.9).	*Timing of lease identification* Similar to IFRS (ASC 842-10-15-2).
Reassessment Reassess whether contract is or contains a lease only if the terms and conditions of the contract are changed (IFRS 16.11).	*Reassessment* Similar to IFRS (ASC 842-10-15-6).
Separating components of a contract	
General For a contract that is or contains a lease, account for each lease component within the contract as a lease separately from non-lease components (IFRS 16.12).	*General* For contracts that contain a lease, identify the separate lease components. The right to use an underlying asset is a separate lease component if both (ASC 842-10-15-28): • Lessee can benefit from the right to use either on its own or together with other resources that are readily available to lessee; and

IFRS	U.S. GAAP
	• The right of use is neither highly dependent on or highly interrelated (each right of use significantly affects the other) with the other rights to use the underlying assets in the contract.
Lessee nonseparation practical expedient Lessees may elect, by class of underlying asset, not to separate non-lease components from lease components and account for lease components and associated non-lease components as a single lease component. This expedient may not be applied to embedded derivatives under IFRS 9 (IFRS 16.15).	*Lessee nonseparation practical expedient* Similar to IFRS (ASC 842-10-15-37 and 15-43).
Lessor nonseparation practical expedient No similar practical expedient exists under IFRS.	*Lessor nonseparation practical expedient* Lessors may elect, by class of underlying asset, to combine a nonlease component that would otherwise be accounted for under ASC 606 with the associated lease component if both (ASC 842-10-15-42A): • The lease component, if accounted for separately, would meet the criteria to be classified as an operating lease • The timing and pattern of transfer of the lease and nonlease component(s) to the customer would be the same The lessor must determine if the nonlease component is the predominant element of the combined component. If so, the combined component is accounted for under ASC 606. If not, the combined component is accounted for under ASC 842 (ASC 842-10-15-42B).
Lessee allocation	*Lessee allocation* Similar to IFRS (ASC 842-10-15-33).

IFRS	U.S. GAAP
Lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components (IFRS 16.13). Relative stand-alone price of lease and non-lease components based on the price the lessor, or a similar supplier would charge an entity for that component or a similar component, separately. If such a price is not available, a lessee estimates the stand-alone price, maximizing the use of observable information (IFRS 16.14).	
Lessor allocation Lessors allocate the consideration in the contract by applying paragraphs 73-90 of IFRS 15 (IFRS 16.17).	*Lessor allocation* Similar to IFRS, based on the guidance in ASC 606-10-32-28 through 41 (ASC 842-10-15-38). Unlike IFRS: • Lessors may make an accounting policy election to not evaluate whether certain sales taxes and other similar taxes are costs of the lessee or lessor, and exclude those payments from consideration in the contract (ASC 842-10-15-39A) • Lessors are required to exclude from variable payments certain lessor costs paid directly to third parties by a lessee on behalf of the lessor (842-10-15-40A) • Lessors allocate certain variable payments to the lease and nonlease components of a contract when the changes in facts and circumstances that trigger the variable payment occur (ASC 842-10-15-40).
Lease term	
Definition Lease term is the non-cancellable period of lease together with both:	*Definition*

IFRS	U.S. GAAP
• Periods covered by option to extend the lease if lessee is reasonably certain to exercise the option, and • Periods covered by option to terminate the lease if lessee is reasonably certain not to exercise that option (IFRS 16.18).	Similar to IFRS, lease term is the noncancellable period that a lessee has the right to use underlying asset, including (ASC 842-10-30-1 and Master Glossary, "Lease term"): • Periods covered by option to extend lease if lessee is reasonably certain to exercise • Periods covered by option to terminate lease if lessee is reasonably certain not to exercise • Periods covered by option to extend (or not terminate) lease where exercise of option controlled by lessor
Changes to lease term Revise the lease term if there is a change in the non-cancellable period of a lease (IFRS 16.21).	*Changes to lease term* Similar to IFRS (ASC 842-10-35-1)
Lessee	
Classification Under IFRS, a lessee does not classify a lease, as all leases are accounted for in the same manner, similar to finance leases under U.S. GAAP.	*Classification* Unlike IFRS, a lessee classifies a lease as a finance lease if any of following are met (ASC 842-10-25-2): • Lease transfers ownership of underlying asset to lessee by end of lease term • Lease grants lessee option to purchase the underlying asset that lessee is reasonably certain to exercise • Lease term is for major part of remaining economic life of underlying asset • Present value of the sum of lease payments and any residual value guaranteed by lessee that is not already reflected in lease

IFRS	U.S. GAAP
	payments equals or exceeds substantially all the fair value of the underlying asset • Underlying asset is of such specialized nature that it is expected to have no alternative use to lessor at end of lease term If none of above criteria are met, lessee classifies lease as operating (ASC 842-10-25-3).
Recognition At commencement date, lessee recognizes a right-of-use asset and a lease liability (IFRS 16.22).	*Recognition* Similar to IFRS (ASC 842-20-25-1).
Measurement At commencement date, a lessee measures right-of-use asset at cost, which includes (IFRS 16.23-.24): • Amount of initial measurement of lease liability; • Any lease payments made at or before commencement date, less any lease incentives received; • Any initial direct costs incurred by lessee; and • Estimate of costs to be incurred by lessee in dismantling and removing underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.	*Measurement* Similar to IFRS (ASC 842-20-30-5). Unlike IFRS, costs to dismantle and remove an underlying asset at the end of the lease term that are imposed by the lease agreement generally would be considered lease payments (or variable lease payments) (842-10-55-37).
Initial measurement – lease liability	*Initial measurement – lease liability* Similar to IFRS (ASC 842-20-30-1).

IFRS	U.S. GAAP
At commencement date, lessee measures lease liability at the present value of the lease payments that are not paid at that date (IFRS 16.26).	
Discount rate A lessee discounts the lease payments using the interest rate implicit in the lease or if not readily determinable, the lessee's incremental borrowing rate (IFRS 16.26).	*Discount rate* Similar to IFRS, except that a lessee that is not a public business entity is permitted to use a risk-free discount rate by class of underlying asset (ASC 842-20-30-3).
Lease payments At commencement date, lease payments included in measurement of the lease liability include the following payments for the right to use the underlying asset during the lease term that are not paid at commencement (IFRS 16.27): • Fixed payments including in-substance fixed payments • Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date. IFRS requires a lessee to remeasure the lease liability if there is a change in future lease payments from a change in an index or rate (IFRS 16.42(b)) • Exercise price of purchase option if lessee is reasonably certain to exercise that option • Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate lease • Amounts expected to be payable by lessee under residual value guarantees	*Lease payments* Similar to IFRS (ASC 842-10-30-5). There is no similar requirement under U.S. GAAP to remeasure the lease liability for changes in future lease payments from a change in an index or rate unless a lessee is required for other reasons to remeasure the lease payments (ASC 842-10-35-5).
Subsequent measurement	*Subsequent measurement*

IFRS	U.S. GAAP
After commencement date, lessee measures right-of-use asset under the cost model (cost less accumulated depreciation (IAS 16) and impairment losses (IAS 36), adjusted for remeasurement of lease liability (IFRS 16.30) unless the measurement models in paragraphs 34 and 35 are applied (IFRS 16.29).	Similar to IFRS for a finance lease (ASC 842-20-35-1). For an operating lease, after commencement date, measure the right-of-use asset at amount of lease liability, adjusted for (ASC 842-20-35-3): • Prepaid or accrued lease payments • Remaining balance of any lease incentives received • Unamortized initial direct costs • Impairment of right-of-use asset
Right-of-use asset measurement exceptions A lessee that applies the fair value model in IAS 40, *Investment Property,* shall also apply the fair value model to right-of-use assets that meet the definition of an investment property (IFRS 16.34). A lessee that applies the revaluation model under IAS 16 to a class of property, plant, and equipment may elect to apply the revaluation model to its right-of-use assets that relate to that class of property, plant, and equipment (IFRS 16.35).	*Right-of-use asset measurement exceptions* Unlike IFRS, U.S. GAAP contains no similar guidance.
Subsequent measurement – lease liability After the commencement date, lessee measures the lease liability by (IFRS 16.36): • Increasing carrying amount to reflect interest on lease liability • Reducing carrying amount to reflect lease payments made, and • Remeasuring carrying amount to reflect any reassessment or lease modifications or reflect revised in-substance fixed lease payments	*Subsequent measurement – lease liability* Similar to IFRS for a finance lease (ASC 842-20-35-1). Unlike IFRS, for an operating lease, after commencement date, measure the lease liability at the present value of the lease payments not yet paid discounted using the discount rate for the lease determined at commencement (ASC 842-20-35-3).

IFRS	U.S. GAAP
Remeasurement – lease liability After commencement date, lessee remeasures (see IFRS 16.40-.43) the lease liability to reflect changes to lease payments and recognize the amount of the remeasurement as an adjustment to the right-of-use asset (IFRS 16.39).	*Remeasurement – lease liability* Similar to IFRS (ASC 842-20-35-1, 35-3 and 35-4).
Lease modifications – lessees	
Lease modification – separate contract Lessee accounts for a lease modification as a separate lease if both the (IFRS 16.44): • Modification increases the scope of the lease by adding the right to use one or more underlying assets, and • Consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to the stand-alone price to reflect the circumstances of the particular contract	*Lease modification – separate contract* Similar to IFRS (ASC 842-10-25-8).
Lease modification – not a separate contract If a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, a lessee (IFRS 16.45): • Allocates consideration in modified contract by applying IFRS 16.13-.16 • Determines lease term by applying IFRS 16.18-.19 • Remeasures lease liability by discounting revised lease payments using revised discount rate	*Lease modification – not a separate contract* If a lease modification is not accounted for as a separate contract, a lessee reassesses classification of the modified lease as of the effective date of the modification based on modified terms and conditions and facts and circumstances at that date (ASC 842-10-25-9).

IFRS	U.S. GAAP
Lessor	
Lessor classification	
Timing of lease classification A lessor classifies a lease at its inception date (IFRS 16.66).	*Timing of lease classification* Unlike IFRS, a lessor determines lease classification at its commencement date (ASC 842-10-25-1).
Types of leases A lessor classifies each lease as either an operating or a finance lease (IFRS 16.61).	*Types of leases* Similar to IFRS except the lessor classifies the lease as a sales-type lease, direct-financing lease, or an operating lease (ASC 842-10-25-2 and 25-3).
Classification criteria A lease is classified as a finance lease if it transfers substantially all of the risks and rewards of ownership of an underlying asset. Otherwise, the lease is an operating lease (IFRS 16.62). Examples of situations that represent finance leases include (IFRS 16.63): • Lease transfers ownership of underlying asset to lessee by end of lease term • Lessee has option to purchase underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised	*Classification criteria* The five criteria used to classify a lease are similar to the criteria in IFRS 16.63, however unlike IFRS, these criteria represent a test and not indicators of transfer of control (ASC 842-10-25-2). Unlike IFRS, if one or more of these criteria are met, the lease is a sales-type lease. If none of these criteria are met, a lessor classifies a lease as direct financing when two additional criteria are met. Otherwise, the lease is classified as an operating lease (ASC 842-10-25-3).

IFRS	U.S. GAAP
• Lease term is for major part of economic life of underlying asset even if title is not transferred • At inception date, the present value of lease payments is at least substantially all of the fair value of the underlying assets, and • The underlying asset is of such a specialized nature that only the lessee can use it without major modifications	
Additional indicators of a finance lease Indicators of a finance lease include (IFRS 16.64): • If lessee can cancel lease, lessor's losses borne by lessee; • Gain or losses from fluctuation in fair value of residual accrue to lessee; and • Lessee has ability to continue lease for secondary period at rent that is substantially lower than market rent.	*Additional indicators of a finance lease* No similar requirements under U.S. GAAP.
Leases with variable payments No similar guidance in IFRS.	*Leases with variable payments* If classifying a lease at commencement as sales-type or direct financing would result in the recognition of a selling loss, and the lease contains variable lease payments that do not depend on an index or a rate, a lessor should classify that lease as an operating lease (ASC 842-10-25-3A).
Reassessment of lease classification Classification made at inception date is only reassessed if there is a lease modification (IFRS 16.66).	*Reassessment of lease classification* Lease classification is not reassessed unless contract modified and not accounted for as a separate contract (ASC 842-10-25-1).

IFRS	U.S. GAAP
Lessor recognition and measurement	
Finance leases	
Recognition At commencement date, lessor recognizes assets held under finance lease in statement of financial position as a receivable at an amount equal to the net investment in the lease (IFRS 16.67).	*Recognition* For a sales-type lease, measure net investment in the lease to include both (ASC 842-30-30-1): • Lease receivable • Unguaranteed residual asset at present value of amount lessor expects to derive from underlying asset following end of lease term, that is not guaranteed by lessee or any third party unrelated to lessor, discounted using rate implicit in lease The net investment in the lease for a direct financing lease includes the amounts above less any selling profit (ASC 842-30-30-2). If collectability of the lease payments, plus any amount under a residual value guaranteed provided by the lessee, is not probable at commencement date, lessor does not derecognize the underlying asset and recognizes lease payments received, including variable lease payments, as a deposit liability until certain conditions are met (ASC 842-30-25-3). IFRS does not include similar guidance.
Measurement of net investment in a lease At commencement date, lease payments included in measurement of net investment in lease include (IFRS 16.70): • Fixed payments including in-substance fixed payments	*Measurement of net investment in a lease* Similar to IFRS.

IFRS	U.S. GAAP
• Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date • Exercise price of purchase option if lessee reasonably certain to exercise option • Payments of penalties for terminating the lease, if lease term reflects the lessee exercising an option to terminate the lease • Any residual value guarantees provided to lessor by lessee, party related to lessee, or third party	
Manufacturer or dealer guidance At commencement date, manufacturer or dealer lessor recognizes for each finance lease (IFRS 16.71): • Revenue is the fair value of the underlying asset, or if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest; • Cost of sale, which is the cost, or carrying amount, if different, of the underlying asset less the present value of the unguaranteed residual value; and • Difference between revenue and cost of sale as selling profit or loss based on guidance on outright sale under IFRS 15.	*Manufacturer or dealer guidance* Under U.S. GAAP, a lessor should present any profit or loss arising from a lease in a manner that best reflects its business model (ASC 842-30-45-4).
Subsequent measurement Lessor recognizes finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease (IFRS 16.75). Apply derecognition and impairment requirements in IFRS 9 to net investment in lease (IFRS 16.77).	*Subsequent measurement* Similar to IFRS (ASC 842-30-35-1). Credit losses related to the net investment in a lease are recognized based on the guidance in ASC 326-20 (842-30-35-3).

IFRS	U.S. GAAP
Modification-finance lease Lessor account for a lease modification to a finance lease as a separate lease if both (IFRS 16.79): • Modification increases scope of lease by adding right to use one or more underlying assets; and • Consideration for lease increases by amount commensurate with stand-alone price for the increase in scope and any appropriate adjustment to the stand-alone price to reflect the circumstances of the particular contract. If the modified lease is not accounted for as a separate lease (IFRS 16.80): • If the modified lease would have been accounted for as an operating lease at inception, account for the modification as a new lease as of the effective date • Otherwise apply IFRS 9	*Modification-sales-type or direct financing leases* Lessor accounts for a lease modification of a sales-type lease, when the modification is not a separate contract as (ASC 842-10-25-17): • If modified lease is a sales-type or direct financing lease, adjust the discount rate for the modified lease so that the initial net investment in the modified lease equals the carrying amount of the net investment in the original lease immediately before the effective date of the modification • If modified lease is an operating lease, as noted below If a direct financing lease is modified and the modification is not accounted for as a separate contract, account for the modified lease as (ASC 842-10-25-16): • If modified lease is a direct financing lease, adjust the discount rate for the modified lease so that the initial net investment in the modified lease equals the carrying amount of the net investment in the original lease immediately before the effective date of the modification • If modified lease is classified as a sales-type lease, in accordance with ASC 842-30 • If modified lease is classified as an operating lease, the carrying amount of the underlying asset equals the net investment in the original lease immediately before effective date of modification
Operating leases - lessors	
Recognition	*Recognition*

IFRS	U.S. GAAP
Lessor recognizes lease payments from operating lease as income on either a straight-line basis or another systematic basis. (IFRS 16.81).	Similar to IFRS (ASC 842-30-25-11).
Accounting for the underlying asset Lessor recognizes costs, including depreciation, incurred in earning the lease income as an expense (IFRS 16.82). Calculate depreciation on underlying asset based on IAS 16 and IAS 38 (IFRS 16.84) and impairment based on IAS 36 (IFRS 16.85). Lessor adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the lease income (IFRS 16.83).	*Accounting for the underlying asset* Similar to IFRS, lessor continues to measure the underlying asset subject to an operating lease under ASC 360, including for depreciation and impairment (ASC 842-30-35-6). Similar to IFRS, initial direct costs are deferred and expensed over the lease term. Unlike IFRS, they are not added to the amount of the underlying asset (ASC 842-30-25-11(c)).
Variable lease payments No similar guidance exists in IFRS.	*Variable lease payments* Lessor recognizes variable lease payments as income in profit or loss in the period that changes in facts and circumstances on which variable lease payments are based occur and initial direct costs as an expense over the lease term on the same basis as lease income (ASC 842-30-25-11).
Collectability No similar guidance exists in IFRS.	*Collectability* Unlike IFRS, if collectability of lease payments, including any amount necessary to satisfy residual value guarantee, is not probable at commencement date, lease income is limited to lesser of income that would normally be recognized related to lease payments and variable lease payments, or the lease payments, including variable lease payments that have been collected from lessee (ASC 842-30-25-12).

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>Modification

Lessor accounts for a modification of an operating lease as a new lease from the effective date of the modifications, considering any prepaid or accrued lease payments relating to original lease as part of the lease payments for the new lease (IFRS 16.87).</td><td>Modification

If operating lease modified and modification is not accounted for as a separate contract, lessor accounts for modification as if it were a termination of the existing lease and the creation of a new lease that commences on effective date of modification (ASC 842-10-25-15).</td></tr>
<tr><td colspan="2">Sale and leaseback transactions</td></tr>
<tr><td>Assessing whether transfer is a sale

An entity that transfers an asset to another entity and leases that asset back from the buyer-lessor determines if the transfer of the asset is accounted for as a sale based on the guidance for satisfaction of a performance obligation in IFRS 15 (IFRS 16.99).</td><td>Assessing whether transfer is a sale

Similar to IFRS, apply ASC 606-10-25-1 through 25-8 on existence of a contract and ASC 606-10-25-30 if entity satisfies performance obligation by transferring control of an asset (ASC 842-40-25-1).</td></tr>
<tr><td>Transfer of asset is a sale

If transfer of an asset is a sale (IFRS 16.100):

• Seller-lessee measures right-of-use asset from leaseback at proportion of previous carrying amount of the asset that relates to the right of use retained by seller-lessee and only recognizes the amount of any gain or loss that relates to the rights transferred to the buyer-lessor

• Buyer-lessor accounts for the purchase of the asset by applying applicable IFRS and applying IFRS 16 to the lease</td><td>Transfer of asset is a sale

If transfer is a sale (ASC 842-40-25-4):

• Seller-lessee recognizes transaction price for sale when buyer-lessor obtains control based on the guidance in ASC 606-10-25-30 and 32-2 through 32-27, derecognizes the carrying amount of the underlying asset, and accounts for the lease under ASC 842

• Buyer-lessor accounts for the purchase of the asset in accordance with other topics and applies ASC 842 to the lease, similar to IFRS</td></tr>
<tr><td>Adjustment of lease payments

If fair value of consideration for sale of asset is not equal to fair value of asset or the payments for the lease are not at market rates, an entity</td><td>Adjustment of lease payments

Similar to IFRS (ASC 842-40-30-2).</td></tr>
</table>

IFRS	U.S. GAAP
adjusts the measurement of the sale proceeds to fair value by (IFRS 16.101): • Any below-market terms as a prepayment of lease payments; and • Any above-market terms as additional financing provided by buyer-lessor to seller-lessee Such adjustment is measured based on the more readily determinable of (IFRS 16.102): • Difference between fair value of consideration for sale and fair value of asset, and • Difference between present value of contractual payments for lease and present value of payments for lease at market rates	
Accounting for a failed sale-leaseback If transfer of asset by seller-lessee does not qualify as a sale (IFRS 16.103): • Seller-lessee continues to recognize transferred asset and recognizes a financial liability for the transfer proceeds • Buyer-lessor does not recognize transferred asset and recognizes financial asset for amount of transfer proceeds	*Accounting for a failed sale-leaseback* Similar to IFRS (ASC 842-40-25-5).

5.2 Provisions, contingent liabilities, and contingent assets

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>Relevant guidance: IAS 37; IFRIC 1 and 21</td><td>Relevant guidance: ASC 210, 410, 420, and 450</td></tr>
<tr><td colspan="2">Introduction</td></tr>
<tr><td>General

A provision is defined as a liability of uncertain timing or amount (IAS 37.10).
Recognition: when there is a present obligation (legal or constructive) as a result of a past event, transfer of economic benefits is probable, and a reliable estimate can be made. Probable means more likely than not (IAS 37.14 and .23).
Measurement: at the best estimate of the amount required to settle the present obligation at the end of the reporting period. The best estimate is the amount that an entity would rationally pay to settle the obligation or transfer it to a third party. Uncertainties about the amount to recognize are considered based on the circumstances. For example (IAS 37.36-.40):
For a large population of items, a provision is estimated by weighing all associated outcomes by their probabilities (expected value method)
Where there is a continuous range of possible outcomes and each point in the range is as likely as any other, the mid-point of the range is used</td><td>General

Unlike IFRS, the guidance for provisions, contingent liabilities, and contingent assets is included in several ASC topics and that guidance is not always consistent. ASC 450-20 on loss contingencies is similar to IFRS; however, there are some differences.
Recognition: Under ASC 450-20, a loss contingency is recognized when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated (ASC 450-20-25-2). The ASC Master Glossary defines probable as “the future event or events are likely to occur,” a higher threshold than more likely than not under IFRS.
Measurement: ASC 450-20 requires that the amount of the loss be reasonably estimated (best estimate). However, unlike IFRS, when the reasonable estimate of the loss is a range and some amount within the range appears at the time to be a better estimate than any other amount within the range, that amount is accrued. If no amount within the range is a better estimate than any other amount, the minimum amount in the range is accrued (ASC 450-20-30-1).</td></tr>
</table>

IFRS	U.S. GAAP
– For a single item being measured, the best estimate may be the most likely outcome. However, other possible outcomes are considered • Discounting: Where the effect of the time value of money is material, the provision is discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability (IAS 37.45-.47).	• Discounting: Accruals for loss contingencies are not discounted unless the timing of the related cash flows is fixed or reliably determinable
Remeasurement of provisions Provisions are revised at the end of each reporting period (IAS 37.36).	*Remeasurement of provisions* Similar to IFRS.
Change in law Where details of a proposed new law have yet to be finalized, an obligation arises only when the legislation is virtually certain to be enacted as drafted. (IAS 37.22)	*Change in law* Unlike IFRS, the possibility of a change in the tax law in some future year is not an uncertainty and therefore any impacts are only recognized once it occurs (ASC 450-10-55-4).
Contingent liability A *contingent liability* is (IAS 37.10): • A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or • a present obligation that arises from past events but is not recognized because either a transfer of economic benefits is not probable or a reliable estimate cannot be made. Probable under IFRS is 50% (i.e., more likely than not) (IAS 37.23).	*Loss contingency* A *contingency* is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur (ASC Master Glossary, "Contingency"). Similar to IFRS, a contingency is not recognized unless it is probable a liability had been incurred and the amount of loss can be reasonably estimated (ASC 450-20-25-2). As noted earlier, unlike IFRS, the recognition threshold under U.S. GAAP is higher due to the difference in the definition of probable. Disclosure of the contingency is required if there is at least a reasonable possibility that a loss or an additional loss may have

IFRS	U.S. GAAP
Contingent liabilities are not recognized; however, disclosures are required unless the possibility of any outflow is remote (IAS 37.27-.28 and .86).	been incurred and either of the following conditions exists (ASC 450-20-50-3): • An accrual is not made for a loss contingency because any of the conditions in ASC 450-20-25-2 are not met • An exposure to loss exists in excess of the amount accrued pursuant to ASC 450-20-30-1 The disclosures should include the nature of the contingency and the estimate of the possible loss or range of loss or a statement that loss cannot be estimated (ASC 450-20-50-4).
Contingent assets A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity (IAS 37.10). A contingent asset is not recognized (IAS 37.31). When an inflow of benefits is probable, a contingent asset would be disclosed (IAS 37.89).	*Contingent assets* Like IFRS, gain contingencies are not reflected in financial statements (ASC 450-30-25-1).
Gains from the expected disposal of assets Gains from the expected disposal of assets shall not be taken into account in measuring a provision (IAS 37.51).	*Gains from the expected disposal of assets* Like IFRS (ASC 450-30-25-1).
Reimbursements Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount	*Reimbursements* Unlike IFRS, an asset relating to a recovery shall be recognized only when realization of the claim for recovery is deemed probable, which is a lower threshold than IFRS. Like IFRS, If the potential recovery is greater than the loss recognized than the excess is recognized under the contingent asset model. Like IFRS, the reimbursement should be

IFRS	U.S. GAAP
recognized for the reimbursement shall not exceed the amount of the provision (IAS 37.53).	treated as a separate asset (ASC 210-20-45-1, ASC 410-30-35-8, 450-20-55-17A).
Future operating loss provision No provision is recognized for costs that need to be incurred to operate in the future. The only liabilities recognized in an entity's statement of financial position are those that exist at the end of the reporting period (IAS 37.18).	*Future operating loss provision* Like IFRS, future operating losses are the summation of individual items of revenue and expense that result from changes in assets and liabilities, those expected losses, in and of themselves, do not meet the definition of a liability (ASC 420-10-25-3).
Omitted contingent assets and liability disclosures Disclosures regarding provisions and contingent assets and liabilities may be omitted if they can be expected to seriously prejudice the position of the entity in a dispute with other parties on the subject matter of the related provision, contingent asset, or contingent liability. Such instances are expected to be extremely rare. However, the entity discloses the general nature of the dispute as well as the fact that, and the reason why, the information has not been disclosed (IAS 37.92).	*Omitted contingent assets and liability disclosures* Unlike IFRS, a similar exception does not exist.
Asset retirement obligations – recognition and measurement	
General Provisions for the estimated cost of dismantling and removing an asset and restoring a site are recognized and measured in accordance with the provisions in IAS 37. According to IAS 16, the cost of an item of property, plant, and equipment includes the initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located, the obligation for which an entity incurs either when the entity acquires the item or as a consequence of using the item (IFRIC 1.1).	*General* A liability for an asset retirement obligation (ARO) is recognized at fair value in the period in which it is incurred if a reasonable estimate of fair value can be made. If a reasonable estimate of the fair value of the liability cannot be made in the period the obligation is incurred, a liability is recognized when a reasonable estimate of fair value can be made. Upon initial recognition of a liability for an asset retirement obligation, an entity shall capitalize an asset retirement cost by

IFRS	U.S. GAAP
	increasing the carrying amount of the related long-lived asset by the same amount as the liability (ASC 410-20-25-4 through 5).
Discounting of asset retirement obligations The obligation should be discounted using a discount rate (or rates) that is pre-tax and reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted (IAS 37.47).	*Discounting of asset retirement obligations* If the fair value of an ARO is estimated using the expected cash flow approach, the cash flows are initially discounted using the current credit-adjusted risk-free rate (ASC 410-20-30-1). Unlike IFRS, the obligation is not adjusted to reflect the effect of a change in the current market-based discount rate in subsequent periods (ASC 410-20-35-3).
Asset retirement obligations – changes in measurement	
General Changes in the measurement of existing decommissioning, restoration, and similar liabilities are accounted for under IFRIC 1. If the cost model is used for the asset, changes in measurement of decommissioning, restoration, or similar liability as a result of (a) changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation or (b) a change in the discount rate (other than through unwinding of discount rate) is added or deducted against the asset (subject to certain restrictions) (IFRIC 1.4 and .5).	*General* Like IFRS, changes in the liability for the ARO that are due to changes in the timing or amount of the original estimated cash flows are added to or deducted from the liability and the cost of the asset. Downward revisions in the amount of undiscounted cash flows are discounted using the credit-adjusted risk-free rate used on initial recognition. Upward revisions in the amount of undiscounted cash flows are discounted using the current credit-adjusted risk-free rate (ASC 410-20-35-8).
Unwinding of discount Unwinding of the discount is recognized in profit or loss and not capitalized as a borrowing cost (IFRIC 1.8).	*Unwinding of discount* Like IFRS, changes in the liability for the asset retirement obligation that are due to the passage of time are treated as accretion expense (ASC 410-20-35-3 through 35-6).

IFRS	U.S. GAAP
Asset retirement obligations with revalued assets If the revaluation method is used for the asset, additional guidance is provided in IFRIC 1.6.	*Asset retirement obligations with revalued assets* Unlike IFRS, U.S. GAAP does not provide a similar revaluation model.
Environmental obligations	
General The general provisions for the recognition of a provision in IAS 37.14 apply to an environmental obligation (IAS 37.19 and .21).	*General* The general provisions for the recognition of a contingency in ASC 450-20-25-2 apply to an environmental obligation (ASC 410-30-25-1 to 25-3).
Environmental remediation liability probability No similar requirement.	*Environmental remediation liability probability* An environmental obligation usually becomes determinable and estimable over a continuum of events. The following conditions are to be met for an environmental obligation to be probable of occurrence (ASC 410-30-25-4): • Litigation has commenced or a claim or an assessment has been asserted, or based on available information, commencement of litigation or assertion of a claim or an assessment is probable • Based on available information, it is probable that the outcome of such litigation, claim or assessment will be unfavorable
Environmental liability measurement An environmental liability is measured based on the general measurement provisions in IAS 37 (IAS 37.36-.41).	*Environmental liability measurement* An environmental liability is measured based on the guidance in ASC 450-20. Additional guidance on measuring an environmental liability is also provided (ASC 410-30-25-7 through 25-13).

IFRS	U.S. GAAP
Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation (IAS 37.45).	Unlike IFRS, the measurement of the liability, or of a component of the liability, may be discounted to reflect the time value of money if the aggregate amount of the liability or component and the amount and timing of cash payments for the liability or component are fixed or reliably determinable (ASC 410-30-35-12).
Restructuring costs	
A provision for restructuring costs is recognized when the general recognition criteria for provisions in IAS 37.14, as noted in the Introduction above, are met (IAS 37.71). One of those criteria is that an entity has a present obligation (legal or *constructive*) as a result of a past event. A constructive obligation to restructure arises only when an entity (IAS 37.72): • Has a detailed formal plan for the restructuring; and • Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it	In general, a liability for a cost associated with an exit or disposal activity is recognized when the definition of a liability is met. Therefore, unlike IFRS, an entity's commitment to an exit or disposal plan is not by itself the requisite past transaction or event for recognition of a liability (ASC 420-10-25-2).
Onerous contracts	
IAS 37.10 defines an *onerous contract* as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits. If an entity has an onerous contract, the present obligation is recognized and measured as a provision (IAS 37.66). The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the	Unlike IFRS, unless specific U.S. GAAP applies, obligations for onerous contracts are not recognized.

IFRS	U.S. GAAP
contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract—for example, direct labor and materials; and an allocation of other costs that relate directly to fulfilling contracts (IAS 37.68-68A).	
Levies	
IFRIC 21 provides guidance on accounting for a liability to pay a levy if the liability is within the scope of IAS 37 and for a liability to pay a levy whose timing and amount is certain (IFRIC 21.2). A levy is an outflow of resources embodying economic benefits imposed by governments on entities under legislation (IFRIC 21.4). The obligating event that gives rise to a liability to pay a levy is the activity that triggers payment of the levy, as identified by the legislation (IFRIC 21.8). No constructive obligation to pay a levy is triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period (IFRIC 21.9). The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time (IFRIC 21.11). If an obligation to pay a levy is triggered when a minimum threshold is reached, the liability is recognized when the minimum activity threshold is reached (IFRIC 21.12). A prepaid asset is recognized if the levy has been paid but no present obligation exists (IFRIC 21.14).	Unlike IFRS, no similar requirement.

5.3 Taxation

The FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which is designed to increase the transparency and decision-usefulness of income tax disclosures for financial statement users. Prompted by investors' requests for additional information about jurisdictional tax exposures and increased granularity, the amendments revise the existing disclosure guidance in ASC 740, *Income Taxes*, related to (1) the rate reconciliation table, (2) income taxes paid in various jurisdictions, and (3) unrecognized tax benefits and certain temporary differences.

The amendments are effective for public business entities for annual periods beginning after December 15, 2024 and for entities other than public business entities for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or been made available for issuance.

IFRS	U.S. GAAP
Relevant guidance: IAS 1, 12, and 32; IFRS 10; IFRIC 23	**Relevant guidance:** ASC 740, 718-740, 805-740, and 845
Introduction	
General The objective in accounting for income taxes is to recognize the amount of taxes currently payable or refundable and deferred taxes. Income tax expense is equal to the current tax expense (or recovery) plus the change in deferred taxes during the period, net of tax arising from a business combination or recorded outside profit or loss.	*General* Similar to IFRS (ASC 740-10-10-1).
Scope IAS 12 shall be applied in accounting for income taxes (IAS 12.1).	*Scope* The principles and requirements of ASC 740 are applicable to domestic and foreign entities in preparing financial statements in accordance with U.S. generally accepted accounting principles (GAAP), including not-for-profit entities (NFP) with activities that are subject to income taxes. The guidance also applies to all entities including tax-exempt not-for-profit entities, pass-through entities, and entities that are taxed in a manner similar to pass-through entities

IFRS	U.S. GAAP
	such as real estate investment trusts and registered investment companies (ASC 740-10-15-2AA).
Recognition of current tax liabilities and current tax assets Taxes for current and prior periods are, to the extent unpaid, recognized as a liability. If the amount already paid exceeds the amount due for those periods, the excess is recognized as an asset. The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is also recognized as an asset (IAS 12.12-.13).	*Recognition of current tax liabilities and current tax assets* The approach to calculating current taxes is similar to IFRS with some exceptions, such as the treatment of taxes on the elimination of intercompany profits which is discussed below.
Recognition of deferred tax liabilities and deferred tax assets In general, deferred taxes are recognized using an asset and liability approach which focuses on temporary differences arising between the tax base of an asset or liability and its carrying amount in the statement of financial position. Deferred taxes are recognized for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns (IAS 12.15-.33).	*Recognition of deferred tax liabilities and deferred tax assets* Although U.S. GAAP also follows an asset and liability approach to calculating deferred taxes, there are some differences in the application of the approach from IFRS and some exceptions in applying those basic requirements (ASC 740-10-25-2 and 25-3).
Deferred taxes not recognized Deferred taxes are not recognized for: • The initial recognition of goodwill (IAS 12.15 and .32A) • The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction neither accounting profit nor taxable profit (tax loss) is affected and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. (IAS 12.15 and .24)	*Deferred taxes not recognized* There are certain exceptions around recognizing deferred tax assets and liabilities, these include: • Goodwill for which amortization is not deductible for tax purposes (ASC 740-10-25-3(d))

IFRS	U.S. GAAP
• A transaction that is not a business combination may lead to the initial recognition of an asset and a liability and, at the time of the transaction, affect neither accounting profit nor taxable profit. For example, at the commencement date of a lease, a lessee typically recognizes a lease liability and the corresponding amount as part of the cost of a right-of-use asset. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of the asset and liability in such a transaction. The exemption provided by paragraphs 15 and 24 does not apply to such temporary differences and an entity recognizes any resulting deferred tax liability and asset (IAS 12.22A).	
Taxable temporary differences Taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures in which both of the following conditions exist (IAS 12.39): • The parent, investor, joint venturer, or joint operator is able to control the timing of the reversal of the temporary difference; and • It is probable that the temporary difference will not reverse in the foreseeable future	*Taxable temporary differences* U.S. GAAP has a similar exception related to taxable temporary differences associated with investments in subsidiaries and joint ventures. U.S GAAP requires that a deferred tax liability not be recognized for an excess of the amount for financial reporting over the tax basis of an investment in a foreign subsidiary or a foreign corporate joint venture that is essentially permanent in duration, unless it becomes apparent that those temporary differences will reverse in the foreseeable future (ASC 740-30-25-18 through 25-19). Unlike IFRS, this exception does not apply to domestic subsidiaries and corporate joint ventures and investments in equity investees.
Non-monetary assets and liabilities of an entity are measured in its functional currency Deferred taxes are recognized for temporary differences that arise when an entity's taxable profit or tax loss (and thus the tax basis of its nonmonetary assets and liabilities) are measured in a currency different than its functional currency. Changes in the exchange rate result in a	*Non-monetary assets and liabilities of an entity are measured in its functional currency* Unlike IFRS, recognition of deferred taxes is prohibited for differences related to assets and liabilities that are remeasured from the local currency into the functional currency using historical exchange rates

IFRS	U.S. GAAP
deferred tax asset or liability which is charged to profit or loss (IAS 12.41).	and that result from changes in exchange rates or indexing for tax purposes (ASC 740-10-25-3(f)).
Income tax related to distributions Income tax related to distributions to holders of an equity instrument and to transaction costs of an equity transaction are accounted for in accordance with IAS 12 (IAS 32.35A).	*Income tax related to distributions* A difference between the amount of gain or loss recognized for tax purposes and that recognized for accounting purposes may constitute a temporary difference. Income tax consequences related to nonmonetary transactions, including nonreciprocal transfers with owners is accounted for in accordance with ASC 740-10 (ASC 845-10-30-9).
Recognition and measurement	
Current tax liabilities and assets Current tax liabilities and assets for the current and prior periods are measured at amounts expected to be paid to (recovered from) the taxation authorities based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period (IAS 12.46). When there is uncertainty over income tax positions, IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12. In assessing whether and how uncertain tax treatment affects the determination of taxable profit or loss, an entity assumes that a taxation authority will examine the amounts it has the right to examine with full knowledge of all related information (IFRIC 23.8). An entity considers if it is probable that a taxation authority will accept an uncertain tax treatment (IFRIC 23.9). If it is considered probable that the taxing authority will accept an uncertain treatment, the entity determines that position consistent with the treatment in its income tax	*Current tax liabilities and assets* Unlike IFRS, a two-step process is used to recognize and measure financial statement effects of a tax position (uncertain tax positions). An enterprise initially recognizes the financial statement effects of a tax position when it is more likely than not (likelihood of more than 50 percent), based on the technical merits, that the position will be sustained on examination (ASC 740-10-25-6). A tax position that meets the more likely than not threshold is then initially and subsequently measured as the largest amount that is greater than 50 percent likely of being realized on settlement with a taxing authority (ASC 740-10-30-7). Measurement of current and deferred tax assets and liabilities is based on enacted tax law (ASC 740-10-30-2).

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>filings (IFRIC 23.10). If it is not probable that the taxing authority will accept the uncertain treatment, the entity reflects the impact of that uncertainty by using whichever of the following methods is expected to best predict the uncertainty (IFRIC 23.11):
The most likely amount
The expected value</td><td></td></tr>
<tr><td>Deferred taxes

Deferred taxes are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period (IAS 12.47).

Deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities (IAS 12.51).</td><td>Deferred taxes

Deferred taxes are measured using enacted tax rate(s) expected to apply to taxable income in periods in which deferred tax is expected to be settled or realized (ASC 740-10-30-8). Unlike IFRS, tax rates that have been substantively enacted by the balance sheet date are not to be used.</td></tr>
<tr><td>Deferred tax assets or a deferred tax liabilities from a non-depreciable asset measured under the revaluation model

If a deferred tax asset or a deferred tax liability arises from a non-depreciable asset measured under the revaluation model in IAS 16, the measurement of deferred taxes reflects the tax consequences of recovering the carrying amount of that asset through sale. If the tax law specifies a tax rate applicable to the taxable amount derived from the sale of an asset that differs from the tax rate applicable to the taxable amount derived from using an asset, the rate applicable based on the sale of the asset is applied (IAS 12.51B). If deferred taxes arise from an investment property valued at fair value under IAS 40, there is a rebuttable presumption that the carrying amount is recovered through</td><td>Deferred tax assets or a deferred tax liabilities from a non-depreciable asset measured under the revaluation model

Unlike IFRS, there is no similar requirement as assets are not permitted to be measured under a revaluation model nor is investment property permitted to be measured at fair value.</td></tr>
</table>

IFRS	U.S. GAAP
sale. The presumption is rebutted if the investment property is depreciable and the objective of the entity's business model related to that investment property is to consume substantially all of the economic benefits in the investment property over time, rather than through sale (IAS 12.51C).	
Deferred tax assets Deferred tax assets are recognized to the extent that it is probable (more likely than not) that taxable profit will be available against which deductible temporary differences and unused tax losses and unused tax credits carried forward can be utilized. At the end of each reporting period the deferred tax assets are reviewed and the carrying amount reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of that deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available (IAS 12.24, .34, and .56).	*Deferred tax assets* Unlike IFRS, deferred tax assets are recognized in full and reduced by a valuation allowance if it is more likely than not (a likelihood of more than 50 percent) that some portion or all of the deferred tax assets will not be realized (ASC 740-10-30-5(e)).
Temporary differences An entity considers whether there is a restriction on the source of taxable profits against which an entity may deduct a temporary difference when determining if a temporary difference should be recorded (IAS 12.27A). An entity's estimate of future taxable profit may include the recovery of assets for more than their carrying amount, such as a fixed-rate debt instrument held at fair value, if there is sufficient evidence to indicate that it will do so (IAS 12.29A)	*Temporary differences* Unlike IFRS, deferred tax assets are recognized in full and reduced by a valuation allowance if it is more likely than not (a likelihood of more than 50 percent) that some portion or all of the deferred tax assets will not be realized (ASC 740-10-30-5(e)). However, similar considerations are made by entities in making the assessment of whether a valuation allowance should be recognized under U.S. GAAP and whether deferred tax assets are recognized under IFRS.
Deferred taxes on elimination of intercompany profits	*Deferred taxes on elimination of intercompany profits*

IFRS	U.S. GAAP
Deferred taxes on elimination of intragroup profits are calculated with reference to the tax rate of the buyer (the entity that holds the inventory) at the end of the reporting period. Taxes paid by the seller are recorded as a current tax expense (IFRS 10.B86(c)).	Unlike IFRS, deferred taxes are not recognized on elimination of intercompany profits on inventory. Income taxes paid on intra-entity profits on inventory remaining within the consolidated group are accounted for under ASC 810-10 (ASC 740-10-25-3(e)). The difference between the tax basis of an asset by the buyer and the carrying amount of that asset in the consolidated financial statements for the transfer of assets other than inventory between entities in the same consolidated group may occur and will result in a taxable or deductible amount when the asset is recovered (ASC 740-10-25-20(i)).
Items recognized outside profit or loss Current and deferred tax are recognized outside profit or loss if the tax relates to items that are recognized, in the same or a different period, in OCI, or directly to equity (IAS 12.61A).	*Items recognized outside profit or loss* Similar to IFRS, the tax effects of certain items occurring during the year are charged or credited directly to OCI or to related components of shareholders' equity (ASC 740-20-45-11).
Discounting of deferred tax assets and liabilities Deferred tax assets and liabilities are not discounted (IAS 12.53).	*Discounting of deferred tax assets and liabilities* Similar to IFRS (ASC 740-10-30-8).
Income tax consequences of dividends when it recognizes a liability to pay a dividend Income tax consequences of dividends are recognized when an entity recognizes a liability to pay a dividend (IAS 12.57A).	*Income tax consequences of dividends when it recognizes a liability to pay a dividend* No similar guidance.
Intraperiod tax allocation	
Subsequent changes in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items previously recognized outside profit or loss (IAS 12.60).	Similar to IFRS, except that certain subsequent changes in deferred tax assets and liabilities (such as those related to changes in tax rates and tax laws) are recognized in income regardless of whether

IFRS	U.S. GAAP
	the deferred tax was initially recorded in income, equity, or a business combination (ASC 740-10-45-15).
Business combinations	
Acquired deferred tax asset or liability At the acquisition date, a deferred tax liability or asset (to the extent it meets the recognition criteria discussed above) is recognized for an acquired entity's temporary differences (with certain exceptions) or income tax loss carryforwards. If not recognized at the acquisition date, an entity recognizes acquired deferred tax benefits that it realizes after the business combination as follows (IAS 12.68): • In goodwill if the change occurs (1) during the measurement period and (2) as a result of new information about facts and circumstances that existed as of the acquisition date. If goodwill is reduced to zero, any remaining deferred tax benefits are recognized in profit or loss. • All other deferred tax benefits realized are recognized in profit or loss (or outside of profit or loss if required by IAS 12).	*Acquired deferred tax asset or liability* At the acquisition date, a deferred tax liability or asset is recognized for an acquired entity's temporary differences (with certain exceptions) or operating loss or tax credit carryforwards. If necessary, a valuation allowance for an acquired entity's deferred tax asset is also recognized. A change in the valuation allowance is recognized as follows (ASC 805-740-25-3 and 45-2): • In goodwill if the change occurs (1) during the measurement period and (2) as a result of new information about facts and circumstances that existed as of the acquisition date. If goodwill is reduced to zero, any additional decrease in the valuation allowance is recognized as a gain on a bargain purchase. • All other changes are adjustments to income tax expense or contributed capital, as appropriate, and are not recognized as adjustments to the acquisition-date accounting for the business combination.
Change in the deferred tax asset A change in the acquirer's deferred tax asset as a result of a business combination is not accounted for as part of the business combination and therefore, is not accounted for as an adjustment to goodwill (IAS 12.67).	*Change in the deferred tax asset* Similar to IFRS, a change in the acquirer's valuation allowance on its previously existing deferred tax asset as a result of a business combination is not accounted for as part of the business combination and therefore, is not accounted for as an adjustment to goodwill. Such change is recognized as an income tax benefit or credited directly to contributed capital (ASC 805-740-30-3).

IFRS	U.S. GAAP
Share-based payment	
Deferred taxes are recorded for the difference between the amount of the tax deduction (or future tax deduction) and cumulative remuneration expense related to share-based payment awards. Deferred tax assets are adjusted each period to the amount of tax deduction that the entity would receive if the award was tax deductible as of the reporting date based on the current market price of the shares (IAS 12.68B). The amount of the tax deduction or estimated future tax deduction measured above may differ from the related cumulative remuneration expense. Current and deferred tax is recognized as income or expense and included in profit or loss for the period, except to the extent that the tax arises from (a) a transaction or event that is recognized, in the same or a different period, outside of profit or loss, or (b) a business combination (IAS 12.58). If the amount of the tax deduction or estimated future tax deduction exceeds the amount of the related cumulative remuneration expense, this indicates that the tax deduction relates not only to remuneration expense but also to an equity item. The excess of the associated current or deferred tax is recognized directly in equity (IAS 12.68C).	Deferred tax assets are based on the amount of compensation cost recorded. Unlike IFRS, the deferred tax adjustment for current share price is recorded on settlement (ASC 718-740-25-2 through 25-3). Actual tax deductions for share-based payment arrangements may be different than compensation cost recognized for book purposes. The tax effect of that the difference between the cumulative compensation cost of an award recorded in the financial statements and the deduction for tax purposes is be recognized as income tax expense or benefit in the income statement in the period in which the tax deduction arises, or in the period in which an award expires (ASC 718-740-35-2).
Presentation and disclosure	
Deferred tax offset Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxing authority on either: • The same taxable entity	*Deferred tax offset* All deferred taxes are offset and presented as a single noncurrent amount for a particular tax paying component of an entity and within a particular jurisdiction. An entity shall not offset deferred tax liabilities and assets attributable to different tax-paying components of the entity or different tax jurisdictions (ASC 740-10-45-6).

IFRS	U.S. GAAP
• Different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously (IAS 12.74-.76)	
Deferred tax presentation Deferred tax assets and liabilities are presented as separate line items in the statement of financial position. If a classified statement of financial position is used, deferred taxes are classified as noncurrent (IAS 1.56). IFRS does not have similar guidance on the presentation of unrecognized tax benefits.	*Deferred tax presentation* Similar to IFRS (ASC 740-10-45-4 through 45-10). An unrecognized tax benefit or a portion of one is presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit is presented in the financial statements as a liability and is not combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and is made presuming disallowance of the tax position at the reporting date is permitted (ASC 740-10-45-10A through 45-10B).
Tax reconciliation All entities must disclose an explanation of the relationship between tax expense and accounting profit using either or both of the following formats (IAS 12.81c): • A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s)	*Tax reconciliation* Public companies must disclose a reconciliation using percentages or dollar amounts of the reported amount of income tax expense attributable to continuing operations for the year to that amount of income tax expense that would result from applying domestic federal statutory tax rates to pretax income from continuing operations.

IFRS	U.S. GAAP
including disclosure of the basis on which the applicable tax rate is computed • A numerical reconciliation between the average effective tax rate and the applicable tax rate, including disclosure of the basis on which the applicable tax rate is computed	Nonpublic entities must disclose the nature of significant reconciling items but may omit a numerical reconciliation (ASC 740-10-50-12 through 50-13).
International tax reform—Pillar Two model rules An entity shall disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes (see paragraph 4A) and an entity shall disclose separately its current tax expense (income) related to Pillar Two income taxes. In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity shall disclose known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes arising from that legislation. (IAS 12.88A through .88C).	*International tax reform—Pillar Two model rules* No similar requirements under U.S. GAAP.

6. Income and expenditure

6.1 Revenue (IFRS 15 and ASC 606)

IFRS	U.S. GAAP
Relevant guidance: IFRS 15	**Relevant guidance:** ASC 310, 606, and 340-40
Objective	
Principle To establish principles to report information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer (IFRS 15.1).	*Principle* Similar to IFRS (ASC 606-10-10-1).
Revenue objective Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (IFRS 15.2).	*Revenue objective* Similar to IFRS (ASC 606-10-10-2).
Scope	
General	*General*

IFRS	U.S. GAAP
Apply to all contracts with customers except (IFRS 15.5): • Lease contracts • Insurance contracts • Financial instruments and other contractual rights or obligations • Nonmonetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers	Similar to IFRS (ASC 606-10-15-2). Loan guarantee fees (in which an entity lends its creditworthiness to another party for a fee) are specifically scoped out of ASC 606 and accounted for under ASC 460, *Guarantees,* or ASC 815 for those guarantees accounted for as a derivative (ASC 310-10-60-4).
Customer Apply IFRS 15 to a contract only if the counterparty to the contract is a customer. A customer is a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration (IFRS 15.6).	*Customer* Similar to IFRS (ASC 606-10-15-3).
Contract partially within scope A contract with a customer may be partially within the scope of the revenue standard and partially within the scope of other standards. If the other standards specify how to separate and/or initially measure one or more parts of the contract, then an entity shall first apply the separation and/or measurement requirements in those Standards. An entity shall exclude from the transaction price the amount of the part of the contract that are initially measured in accordance with other standards and shall allocate the amount of the transaction price that remains (if any) to each performance obligation within the scope of the revenue standard and any other parts of the contract. If the other standards do not specify how to separate and/or initially measure one or more parts of the contract, then the entity shall apply this Standard to separate and/or initially measure the part (or parts) of the contract (IFRS 15.7).	*Contract partially within scope* Similar to IFRS (ASC 606-10-15-4).

IFRS	U.S. GAAP
Recognition	
Step 1: Identify contract	
General Account for a contract with a customer within the scope only when all of the following are met (IFRS 15.9): • Parties to the contract have approved the contract (in writing, orally or under other customary business practices) and are committed to perform their respective obligations • Entity can identify each party's rights regarding the goods or services to be transferred • Entity can identify the payment terms for the goods or services to be transferred • Contract has commercial substance (risk, timing or amount of entity's future cash flows are expected to change as a result of the contract) • Probable that entity will collect the consideration to which it will be entitled in exchange of the goods or services that will be transferred to the customer	*General* Similar to IFRS (ASC 606-10-25-1), except that for the last condition it must be probable that the entity will collect "substantially all" of the consideration to which it will be entitled.
Evaluation of collectability In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. Under IFRS, "probable" is more likely than not, i.e., over 50% (IFRS 15.9(d)).	*Evaluation collectability* Unlike IFRS, probable under U.S. GAAP means "likely to occur" while it means "more likely than not" under IFRS, which is a higher threshold than under IFRS.

IFRS	U.S. GAAP
Existence of a contract A contract is an agreement between two or more parties that creates enforceable rights and obligations (IFRS 15.10). A contract does not exist if each party to the contract has the unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party (IFRS 15.12). The initial determination is not revisited unless there is an indication of a significant change in facts and circumstances (IFRS 15.13).	*Existence of a contract* Similar to IFRS (ASC 606-10-25-4 and 25-5).
Contract criteria not met When the contract does not meet the criteria in IFRS 15.9 and an entity receives consideration from the customer, the entity recognizes the consideration received as revenue only when either has occurred (IFRS 15.15): • The entity has no remaining performance obligations to transfers goods or services and all or substantially all of the consideration promised has been received and is non-refundable • The contract is terminated, and consideration received is non-refundable Otherwise recognize the consideration received as a liability (IFRS 15.16).	*Contract criteria not met* Similar to IFRS, except that an entity also recognizes revenue when it has transferred control of the goods or services to which the consideration that has been received relates, the entity has stopped transferring goods or services to the customer and has no obligation under the contract to transfer additional goods or services, and the consideration received from the customer is nonrefundable (ASC 606-10-25-7 and 25-8).
Combining contracts An entity shall combine two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and account for the contracts as a single contract if one or more of the following criteria are met (IFRS 15.17):	*Combining contracts* Similar to IFRS (ASC 606-10-25-9).

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
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the contracts are negotiated as a package with a single commercial objective;
the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
the goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

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Contract modifications
A contract modification is a change in the scope, price, or both, that is approved by the parties to the contract. It either creates new or changes existing enforceable rights and obligations of the parties to the contract (IFRS 15.18).
Account for a contract modification as a separate contract if both conditions exist (IFRS 15.20):

Scope of the contract increases because of the addition of promised goods or services that are distinct
Price of the contract increases by an amount of consideration that reflects the entity’s stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract

If a contract modification is not a separate contract an entity accounts for the promised goods or services not yet transferred at the date of the contract modification in accordance with IFRS 15.21.
</td><td>
Contract modifications
Similar to IFRS (ASC 606-10-25-10, 25-12 and 25-13).
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IFRS	U.S. GAAP
Step 2: Identify performance obligations	
General At contract inception, assess the goods or services promised in a contract with a customer and identity as a performance obligation each promise to transfer to the customer either (IFRS 15.22): • A good or service that is distinct (IFRS 15.27-.30) • A series of distinct goods or services that are substantially the same and that have same pattern of transfer to customer Performance obligations do not include activities an entity performs to fulfill a contract unless those activities transfer a good or service to the customer (IFRS 15.25).	*General* Similar to IFRS (ASC 606-10-25-14 and 25-17).
Distinct good and services A good or service that is promised to a customer is distinct if both of the following criteria are met (IFRS 15.27): • The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct); and • The entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).	*Distinct good and services* Similar to IFRS (ASC 606-10-25-19).
Shipping and handling policy election	*Shipping and handling policy election*

IFRS	U.S. GAAP
No similar specific guidance exists in IFRS 15.	Shipping and handling activities that are performed before the customer obtains control of the good are not a promised service to the customer, but instead are activities to fulfil the entity's promise to transfer the good. (ASC 606-10-25-18A). If shipping and handling activities are performed after a customer obtains control of the good, then the entity may elect to account for shipping and handling as activities to fulfill the promise to transfer the good (ASC 606-10-25-18B). A similar accounting policy election is not available under IFRS 15.
Immaterial in the context of the contract No similar specific guidance exists in IFRS 15.	*Immaterial in the context of the contract* An entity is not required to assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract. If revenue is recognized related to a performance obligation that includes immaterial goods or services is recognized before they are transferred to the customer, then the related costs to transfer those goods or services shall be accrued (ASC 606-10-25-16A). This guidance does not apply to the determination of whether a customer option to acquire additional goods or services is a material right (ASC 606-10-25-16B).
Step 3: Determine the transaction price	
General When or as a performance obligation is satisfied, recognize revenue at the amount of the transaction price (excluding estimates of variable consideration that are constrained) allocated to that performance obligation (IFRS 15.46).	*General* Similar to IFRS (ASC 606-10-32-1).
Transaction price	*Transaction price*

IFRS	U.S. GAAP
Consider terms of the contract and entity's customary business practices to determine transaction price. The transaction price is the amount of consideration an entity expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both (IFRS 15.47). Under IFRS, entities are required to identify and assess sales taxes to determine whether to include or exclude those taxes from the transaction price (IFRS 15.BC188A).	Similar to IFRS (ASC 606-10-32-2). Unlike IFRS, under U.S. GAAP an entity is permitted to make an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the entity from a customer (ASC 606-10-32-2A)
Variable consideration If consideration promised in contract includes variable amounts, estimate the amount of consideration entity will be entitled to in exchange for transferring promised goods or services to a customer. The amount of consideration may vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event (IFRS 15.50-.51).	*Variable consideration* Similar to IFRS (ASC 606-10-32-5 through 32-6).
Estimating variable consideration Estimate amount of variable consideration by using either the expected value or the most likely amount, depending on which method the entity expects to better predict the amount of consideration to which it will be entitled (IFRS 15.53). Apply that method consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration. Consider all information reasonably available to the entity and identify a reasonable number of possible consideration amounts (IFRS 15.54).	*Estimating variable consideration* Similar to IFRS (ASC 606-10-32-8 and 32-9).

IFRS	U.S. GAAP
Refund liabilities Recognize a refund liability if the entity receives consideration from a customer and expects to refund some or all of that consideration to the customer. Measure the refund liability at the amount of consideration received (or receivable) for which the entity does not expect to be entitled and update the amount at the end of each reporting period for changes in circumstances (IFRS 15.55).	*Refund liabilities* Similar to IFRS (ASC 606-10-32-10).
Constraining estimates of variable consideration Include in transaction price some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved, considering both the likelihood and the magnitude of the revenue reversal (IFRS 15.56- .57).	*Constraining estimates of variable consideration* Similar to IFRS (ASC 606-10-32-11 through 32-12). As described above, probable under U.S. GAAP means “likely to occur” while it means “more likely than not” under IFRS.
Significant financing component In determining transaction price, adjust promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer (IFRS 15.60). As a practical expedient, an entity need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less (IFRS 15.63).	*Significant financing component* Similar to IFRS (ASC 606-10-32-15 and ASC 606-10-32-18).

IFRS	U.S. GAAP
Accounting for significant financing components Present the effect of financing (interest revenue or interest expense) separately from revenue from contracts with customers. Interest revenue or interest expense is only recognized to the extent that a contract asset (or receivable) or a contract liability is recognized in accounting for a contract with a customer (IFRS 15.65).	*Accounting for significant financing components* Similar to IFRS (ASC 606-10-32-20).
Non-cash consideration To determine transaction price for contracts where the consideration is other than cash, measure non-cash consideration or promise of at fair value or indirectly by reference to the stand-alone selling price of the goods or services promised, if the entity cannot reasonably estimate fair value (IFRS 15.66-.67).	*Non-cash consideration* Unlike IFRS, under U.S. GAAP the fair value of noncash consideration is measured at contract inception. In addition, changes in the fair value after contract inception that are due to the form of the consideration are not included in the transaction price. An entity would apply the variable consideration in ASC 606-10-32-5 through 32-14 for changes in the fair value for other than the form of the consideration (ASC 606-10-32-21 through 32-23).
Consideration payable to a customer Account for consideration payable to customer as a reduction of the transaction price and revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity. Apply the guidance on variable consideration in IFRS 15.50 - .58 if the consideration payable to a customer is variable (IFRS 15.70).	*Consideration payable to a customer* Similar to IFRS (ASC 606-10-32-25). Under U.S. GAAP, an entity measures and classifies share-based payment awards granted to a customer by applying the guidance in ASC 718. The amount recorded as a reduction of the transaction price is required to be measured on the basis of the grant-date fair value of the share-based payment award in accordance with ASC 718. See Section 6.3, “Share-based payments.”
Step 4: Allocating the transaction price to performance obligations	
General	*General*

IFRS	U.S. GAAP
The objective is to allocate the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer (IFRS 15.73).	Similar to IFRS (ASC 606-10-32-28).
Stand-alone selling price Allocate transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis, with certain exceptions related to discounts and consideration that includes variable amounts (IFRS 15.74). Determine the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocate the transaction price in proportion to those stand-alone selling prices (IFRS 15.76). The stand-alone selling price is the price at which an entity would sell a promised good or service separately to a customer. The best evidence of stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers (IFRS 15.77). If a stand-alone selling price is not directly observable, an entity shall estimate the stand-alone selling price at an amount that would result in the allocation of the transaction price meeting the allocation objective. When estimating a stand-alone selling price, an entity shall consider all information (including market conditions, entity-specific factors and information about the customer or class of customer) that is reasonably available to the entity. In doing so, an entity shall maximize the use of observable inputs and apply estimation methods consistently in similar circumstances (IFRS 15.78).	*Stand-alone selling price* Similar to IFRS (ASC 606-10-32-29 through ASC 606-10-32-33).

IFRS	U.S. GAAP
Methods for estimating stand-alone selling price Suitable methods for estimating the stand-alone selling price of a good or service include, but are not limited to, the following (IFRS 15.79): • Adjusted market assessment approach • Expected cost plus a margin approach • Residual approach (subject to certain criteria being met).	*Methods for estimating stand-alone selling price* Similar to IFRS (ASC 606-10-32-34).
Allocation of a discount Except when an entity has observable evidence that an entire discount relates to only one or more, but not all performance obligations in a contract, allocate a discount proportionately to all performance obligations in the contract similar to the allocation of the transaction price to each performance obligation (IFRS 15.81).	*Allocation of a discount* Similar to IFRS (ASC 606-10-32-36).
Allocation of variable consideration Allocate variable amount and subsequent change to that amount entirely to a performance obligation or to a distinct good or service that forms part of a single performance obligation when certain conditions are met (IFRS 15.85).	*Allocation of variable consideration* Similar to IFRS (ASC 606-10-32-40).
Changes in the transaction price Allocate to the performance obligations in the contract any subsequent changes in the transaction price on the same basis as at contract inception. Do not reallocate the transaction price to reflect changes in stand-alone selling prices after contract inception. Amount allocated to satisfied performance obligations are recognized as revenue or as a	*Changes in the transaction price* Similar to IFRS (ASC 606-10-32-43).

IFRS	U.S. GAAP
reduction of revenue in the period the transaction price changes (IFRS 15.88).	
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation	
General Recognize revenue when or as the entity satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred as the customer obtains control (IFRS 15.31).	*General* Similar to IFRS (ASC 606-10-25-23).
Over time or point in time Determine whether each performance obligation is satisfied over time or if not, at a point in time based on the guidance in IFRS 15.35-.38 (IFRS 15.32). Over time revenue recognition is met one when one of the following applies (IFRS 15.35): • The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; • The entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or • The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.	*Over time or point in time* Similar to IFRS (ASC 606-10-25-24).
Control of an asset Control of an asset is the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset and includes	*Control of an asset* Similar to IFRS (ASC 606-10-25-25).

IFRS	U.S. GAAP
the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset (IFRS 15.33).	
Measuring progress for over time revenue recognition For performance obligations satisfied over time, recognize revenue over time by measuring the progress towards complete satisfaction of each performance obligation by depicting an entity's performance in transferring control of goods or services promised to a customer (IFRS 15.39). For a performance obligation satisfied over time, revenue is not recognized if the entity is unable to reasonably measure its progress towards complete satisfaction of the performance obligation (IFRS 15.44). If the entity expects to recover the costs incurred in satisfying the performance obligation, recognize revenue to the extent of the costs incurred until the entity can reasonably measure the outcome of the performance obligation (IFRS 15.45).	*Measuring progress for over time revenue recognition* Similar to IFRS (ASC 606-10-25-25 to 25-37).
Intellectual property licenses	
License of IP is distinct vs not distinct If the promise to grant a license is not distinct from other promised goods or services in the contract, an entity shall account for the promise to grant a license and those other promised goods or services together as a single performance obligation. If the license is not distinct, an entity shall determine, using the guidance described earlier (IFRS 15.31-.38), whether the performance obligation (which includes the promised license) is a performance obligation that is satisfied over time or satisfied at a point in time (IFRS 15.B54-.B55). If the promise to grant the license is distinct from the other promised goods or services in the contract and, therefore, the promise to grant	*License of IP is distinct vs not distinct* Similar to IFRS (ASC 606-10-55-56 to 55-58).

IFRS	U.S. GAAP
the license is a separate performance obligation, an entity shall determine whether the license transfers to a customer either at a point in time or over time. An entity shall consider, when making this determination, a customer's right to access the entity's intellectual property as it exists throughout the license period; or a right to use the entity's intellectual property as it exists at the point in time at which the license is granted (IFRS 15.B56).	
Right to access IP A license that qualifies as a separate performance obligation and represents the right to access the entity's intellectual property as it exists throughout the license period is recognized over time (IFRS 15.B60). The nature of an entity's promise in granting a license is a promise to provide a right to access the entity's intellectual property if all of the following criteria are met (IFRS 15.B58) • The contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights; • The rights granted by the license directly expose the customer to any positive or negative effects of the entity's activities; and • Those activities do not result in the transfer of a good or a service to the customer as those activities occur. If the criteria above are not met, the nature of the entity's promise is to provide a right to use the entity's intellectual property as that intellectual property exists at the point in time at which the license is granted to the customer. Accordingly, an entity	*Right to access IP* Unlike IFRS, an entity must determine whether the promise to provide a right to access intellectual property is for functional or symbolic intellectual property. Functional intellectual property has significant standalone functionality and is recognized at a point in time. Symbolic intellectual property does not have significant standalone functionality and is recognized over time (ASC 606-10-55-59). IFRS does not use the concepts of functional versus symbolic intellectual property. Judgements of over time versus point in time recognition in IFRS are made based on the criteria in IFRS 15.B58. Unlike IFRS, an entity may not recognize revenue before both providing the intellectual property to the customer and the beginning of the period during which the customer is able to use and benefit from its right to access the intellectual property. An entity would recognize revenue from a license renewal no earlier than the beginning of the renewal period (ASC 606-10-55-58C). No similar specific guidance about recognizing revenue for the renewal of a license exists under IFRS.

IFRS	U.S. GAAP
shall account for the promise to provide a right to use the entity’s intellectual property as a performance obligation satisfied at a point in time (IFRS 15.B61).	
Sales-based or usage-based royalties An entity shall recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs: • The subsequent sale or usage occurs; and • The performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).	*Sales-based or usage-based royalties* Similar to IFRS (ASC 606-10-55-65).
Principal versus agent considerations	
An entity is a principal if it controls the specified good or service before that good or service is transferred to a customer (IFRS 15.B35). When another party is involved in providing goods or services to a customer, an entity that is a principal obtains control of any one of the following (IFRS 15.B35A) • A good or another asset from the other party that it then transfers to the customer. • A right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity’s behalf.	Similar to IFRS (ASC 606-10-55-36 to 55-40).

IFRS	U.S. GAAP
• A good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer. Indicators that an entity controls the specified good or service before it is transferred to the customer (and is therefore a principal) include, but are not limited to (IFRS 15.B37): • The entity is primarily responsible for fulfilling the promise to provide the specified good or service • The entity has inventory risk before the specified good or service has been transferred to a customer, or after transfer of control to the customer (for example, if the customer has a right of return) • The entity has discretion in establishing the price for the specified good or service	
Contract costs	
Incremental costs of obtaining a contract Recognize as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs (IFRS 15.91). As a practical expedient an entity may recognize the incremental costs as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less (IFRS 15.94).	*Incremental costs of obtaining a contract* Similar to IFRS (ASC 340-40-25-1 and ASC 340-40-25-4).
Costs incurred in fulfilling a contract	*Costs incurred in fulfilling a contract* Similar to IFRS (ASC 340-40-25-5 and 25-6).

IFRS	U.S. GAAP
If the costs incurred in fulfilling a contract with a customer are not within the scope of other guidance, recognize an asset from the costs incurred to fulfill a contract if certain conditions are met (IFRS 15.95).	
Amortization of contract costs Amortize the asset from the costs of obtaining a contract or incurred in fulfilling a contract on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates (IFRS 15.99).	*Amortization of contract costs* Similar to IFRS (ASC 340-40-35-1).
Impairment of contract costs Recognize an impairment loss on the asset from the costs of obtaining a contract or incurred in fulfilling a contract if certain conditions are met (IFRS 15.101).	*Impairment of contract costs* Similar to IFRS, with the clarification that an entity should include both the amount of consideration the entity expects to receive in the future and the amount of consideration it has already received but not recognized as revenue (ASC 340-40-35-3). An entity should consider expected contract renewals and extensions with the same customer (ASC 340-40-35-4). No such clarification exists in IFRS.
Impairment reversal Some or all of an impairment loss is reversed when the impairment conditions no longer exist or have improved (IFRS 15.104).	*Impairment reversal* Unlike IFRS, an entity would not recognize the reversal of an impairment loss previously recognized (ASC 340-40-35-6).
Warranties	
If a customer has the option to purchase a warranty separately, the warranty is a distinct service because the entity promises to provide the service to the customer in addition to the product that has the functionality described in the contract. In those circumstances, an entity shall account for the promised warranty as a performance obligation. If a customer does not have the option to purchase a	Similar to IFRS (ASC 606-10-55-31), however if a customer does not have the option to purchase a warranty separately, an entity should account for the warranty in accordance with the guidance on product warranties in ASC 460 on guarantees, unless the promised warranty, or a part of the promised warranty, provides the customer with a service in addition to the assurance that the product complies with

IFRS	U.S. GAAP
warranty separately, an entity shall account for the warranty in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* unless the promised warranty, or a part of the promised warranty, provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications (IFRS 15.B29-.B30).	agreed-upon specifications, in which case it is a separate performance obligation (ASC 606-10-55-32 to 55-34). In addition, U.S. GAAP specifies that a law that requires an entity to pay compensation if its products cause harm/damage or a promise to indemnify a customer for liabilities and damages does not give rise to a performance obligation. The entity should account for such obligations in accordance with the guidance on loss contingencies in ASC 450 (ASC 606-10-55-35.)

6.2 Employee benefits

IFRS	U.S. GAAP
Relevant guidance: IAS 1 and 19	**Relevant guidance:** ASC 420, 450, 710, 712, and 715
Introduction	

IAS 19 applies to employee benefits provided through (IAS 19.4):
• Formal plans or other formal agreements between an entity and individual employees, groups of employees, or their representatives
• Legislative requirements or industry arrangements that require entities to contribute to national, state, industry, or other multiemployer plans
• Informal practices that give rise to a constructive obligation
 	
Employee benefits include (IAS 19.5):
	Unlike IFRS, the accounting for employee benefits is covered in several Codification topics. Some of the more significant areas are listed below:
	• Compensation – General (ASC 710)
	  – Compensated absences
	  – Deferred compensation arrangements
	  – Lump-sum payments under union contracts
	• Compensation – Retirement benefits (ASC 715)

IFRS	U.S. GAAP
• Short-term employee benefits, such as the following, if expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services: – Wages, salaries, and social security contributions – Paid annual leave and paid sick leave – Profit-sharing and bonuses – Non-monetary benefits (such as medical care, housing, cars, and free or subsidized goods or services) for current employees • Post-employment benefits, such as: – Retirement benefits (e.g., pensions and lump sum payments on retirement) – Other post-employment benefits, such as post-employment life insurance and post-employment medical care • Other long-term employee benefits, such as: – Long-term paid absences such as long-service leave or sabbatical leave – Jubilee or other long-service benefits – Long-term disability benefits • Termination benefits **Note:** Share-based payments are addressed in IFRS 2. See Section 6.3, "Share-based payments."	– Defined benefit plans – general – Defined benefit plans – pension – Defined benefit plans – other postretirement – Defined contribution plans – Multiemployer plans • Compensation – Nonretirement postemployment benefits (ASC 712) – Termination benefits – Other postemployment benefits **Note:** Share-based payments are addressed in ASC 718. See Section 6.3, "Share-based payments."

IFRS	U.S. GAAP
Short-term employee benefits	
General When an employee has rendered service to an entity during an accounting period, the entity recognizes the undiscounted amount of short-term benefits expected to be paid in exchange for that service (IAS 19.11): • As a liability (accrued expense) after deducting any amount already paid • As an expense, unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset (see IAS 2.10-.22 and IAS 16.15-.28)	*General* With a few exceptions, such as ASC 710 on deferred compensation contracts and compensated absences, and ASC 712 on postemployment preretirement benefits, U.S. GAAP does not specifically address short-term benefits. However, similar to IFRS the accrual basis of accounting is used to account for short-term benefits.
Short-term paid absences Accumulating paid absences are those that are carried forward and can be used in future periods if the current period's entitlement is not used in full. An obligation arises as employees render service that increases their entitlement to future paid absences. The obligation exists, and is recognized, even if the paid absences are non-vesting, although the possibility that employees may leave before they use an accumulated non-vesting entitlement affects the measurement of that obligation. (IAS 19.15). An entity shall measure the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period (IAS 19.16). Non-accumulating paid absences are those that do not carry forward; they lapse. An entity recognizes no liability or expense until the time of	*Compensated absences* Similar to IFRS, employers accrue a liability for employees' compensation for future absences if all of the following conditions are met (ASC 710-10-25-1): • The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered • The obligation relates to rights that vest or accumulate • Payment of the compensation is probable • The amount can be reasonably estimated An employer is not required to accrue a liability for nonvesting accumulating rights to receive sick pay benefits (ASC 710-10-25-6 and 25-7).

IFRS	U.S. GAAP
the absence, because employee service does not increase the amount of the benefit (IAS 19.18).	
Profit-sharing and bonus plans The expected cost of profit-sharing and bonus plans is recognized when (IAS 19.19): • There is a present legal or constructive obligation to make payments as a result of past events, and • A reliable estimate of the obligation can be made A present obligation exists when an entity has no realistic alternative but to make the payments.	*Profit-sharing and bonus plan* Similar to IFRS, a bonus that is not formula-based is accrued if it is probable that it will be paid. A bonus based on attaining a specific goal over a period of time is accrued based on the results achieved to date. An accrual is recognized for the estimate of the obligation. However, unlike IFRS, the requirement for a present legal or constructive obligation does not exist.
Post-employment benefits - general	
Postemployment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment (IAS 19.8). Post-employment benefits include items such as the following (IAS 19.26): • Retirement benefits (e.g., pensions and lump sum payments on retirement); and • Other post-employment benefits, such as post-employment life insurance and post-employment medical care.	Employers accrue a liability for postemployment preretirement benefits if all of the conditions in ASC 710-10-25-1 (listed above) are met (ASC 712-10-25-4). Unlike IFRS, postemployment benefits are classified as benefits after employment but before retirement. Postemployment preretirement benefits that do not meet the conditions in ASC 710-10-25-1 are accounted for under ASC 450 (ASC 712-10-25-5). Therefore, if it is probable that a liability for the benefit has been incurred at the balance sheet date and the amount can be reasonably estimated, a liability is recognized (ASC 450-20-25-2).
Post-employment benefits – defined contribution plans	
General	*General*

IFRS	U.S. GAAP
Defined contribution plans are post-employment benefit plans in which the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Actuarial risk and investment risk fall, in substance, on the employee not the entity (IAS 19.8 and .28). Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans (IAS 19.27).	A *defined contribution plan* is a plan that provides an individual account for each participant and provides benefits that are based on all of the following: (a) amounts contributed to the participant's account by the employer or employee, (b) investment experience, and (c) any forfeitures allocated to the account, less any administrative expenses charged to the plan. Actuarial risk and investment risk are borne by the employee, not the entity (ASC Master Glossary "Defined Contribution Plan").
Recognition and measurement An entity recognizes a contribution payable to a defined contribution plan when an employee has rendered service to the entity during a period in exchange for that service (IAS 19.51): • As a liability, after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, an entity shall recognize that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund. • As an expense, unless another IFRS requires or permits the inclusion of the contribution in the cost of an asset. When contributions are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, the amount of the contributions are discounted using the rate for high quality corporate bonds at the end of the reporting period. For currencies for which there is no deep market in such high-quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency is used. The currency and term of the corporate bonds or	*Recognition and measurement* Similar to IFRS, if a plan's defined contributions to an individual's account are to be made for periods in which that individual renders services, the net pension cost for a period is the contribution required in that period. If contributions are required in periods after an individual retires or terminates, the estimated cost is accrued during the employee's service period (ASC 715-70-35-1). Unlike IFRS, there is no similar discounting requirement.

IFRS	U.S. GAAP
government bonds is consistent with the currency and estimated term of the post-employment benefit obligations (IAS 19.52 and .83).	
Post-employment benefits – defined benefit plans	
General *Defined benefit plans* are post-employment plans other than defined contribution plans (IAS 19.8). Under defined benefit plans the entity's obligation is to provide the agreed benefits to current and former employees. Actuarial risk (that benefits will cost more than expected) and investment risk are, in substance, the responsibility of the entity (IAS 19.30).	*General* A *defined benefit pension plan* is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service, or compensation. Actuarial risk and investment risk are the responsibility of the entity (ASC Master Glossary, "Defined Benefit Pension Plan").
Recognition and measurement – statement of financial position An entity recognizes the net defined benefit liability (asset) in the statement of financial position (IAS 19.63). When an entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of (IAS 19.64): • The surplus in the defined benefit plan; and • The asset ceiling, determined using the discount rate specified in IAS 19.83 A net defined benefit asset may arise where a defined benefit plan has been overfunded or where actuarial gains have arisen. An entity recognizes a net defined benefit asset in such cases because (IAS 19.65): • The entity controls a resource, which is the ability to use the surplus to generate future benefits.	*Recognition and measurement – balance sheet* An entity recognizes the funded status of a defined benefit plan in its balance sheet (ASC 715-30-25-1 and ASC 715-60-25-1). The funded status is the difference between the fair value of plan assets and the benefit obligation. For a defined benefit pension plan the benefit obligation is the projected benefit obligation. For an other postretirement defined benefit plan, the benefit obligation is the accumulated postretirement benefit obligation. Unlike IFRS, there is no limitation (i.e., asset ceiling) on the amount of the defined benefit asset that is recognized.

IFRS	U.S. GAAP
• That control is a result of past events (contributions paid by the entity and service rendered by the employee). • Future economic benefits are available to the entity in the form of a reduction in future contributions or a cash refund, either directly to the entity or indirectly to another plan in deficit. The asset ceiling is the present value of those future benefits.	
Recognition and measurement – components of defined benefit cost An entity recognizes the components of defined benefit cost, except to the extent another IFRS requires or permits their inclusion in the cost of an asset, as follows (IAS 19.120): • Service cost in profit or loss (IAS 19.66-.112) • Net interest on the net defined benefit liability (asset) in profit or loss (IAS 19.123-.126) • Remeasurements of the net defined benefit liability (asset) in OCI (IAS 19.127-.130) Remeasurements of the net defined benefit liability (asset) recognized in OCI are not reclassified to profit or loss in a subsequent period. However, the entity may transfer those amounts recognized in OCI within equity (IAS 19.122). Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate specified in IAS 19.83 (IAS 19.123). To determine net interest, an entity uses the net defined benefit liability (asset) and the discount rate determined at the start of the annual reporting period (IAS 19.123A). Net interest on the net defined benefit liability (asset) can be viewed as comprising interest income on plan assets, interest cost on the defined	*Recognition and measurement – income statement* Net periodic pension cost includes (ASC 715-30-35-4): • Service cost • Interest cost • Actual return on plan assets, if any (effectively it is the expected return, see gain or loss below) • Amortization of any prior service cost or credit included in accumulated OCI • Gain or loss (including the effects of changes in assumptions) which includes the difference between the actual and expected return on plan assets) and the amortization of the net gain or loss included in accumulated OCI, to the extent recognized • Amortization of any net transition asset or obligation remaining in accumulated OCI • Any recognized settlement or curtailment gains or losses (ASC 715-30-35-21) The expected long-term rate of return is applied to either fair value or a calculated value that recognizes changes in fair value in a

IFRS	U.S. GAAP
benefit obligation, and interest on the effect of the asset ceiling mentioned in IAS 19.64 (IAS 19.124). Interest income on plan assets is a component of the return on plan assets and is determined by multiplying the fair value of the plan assets by the discount rate specified in IAS 19.123A. An entity shall determine the fair value of the plan assets at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, the entity determines interest income for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the plan assets used to remeasure the net defined benefit liability (asset) in accordance with paragraph 99(b). In applying paragraph 125, the entity also takes into account any changes in the plan assets held during the period resulting from contributions or benefit payments. The difference between the interest income on plan assets and the return on plan assets is included in the remeasurement of the net defined benefit liability (asset) (IAS 19.125).	systematic and rational manner over not more than five years (ASC Master Glossary, "Market-Related Value of Plan Assets"). The actuarial present value of contributions expected to be received from employees (active or retired) for the cost of postretirement benefits, is deducted from the actuarial present value of the benefits expected to be provided under the plan (ASC 715-60-35-57).
Actuarial valuation method An entity uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost and where applicable, past service cost (IAS 19.67). IAS 19 encourages, but does not require, the involvement of a qualified actuary in the measurement of all material post-employment benefit obligations (IAS 19.59).	*Actuarial valuation method* Unlike IFRS, the actuarial method used depends on the type of plan, such as a final-pay plan or a flat-benefit plan. Some methods that are used include the projected unit credit, unit credit with service prorate, and the unit credit methods (ASC 715-30-35-36 through 35-39). The assumed discount rate reflects the rate at which pension benefits could be effectively settled. An employer may look to rates implicit in annuity contracts or rates of return on high-quality fixed-income investments in estimating the assumed discount rates. In some situations, the assumed discount rates may need to incorporate reinvestment rates available in the future. Those rates are extrapolated from the existing yield curve at the measurement date. Consequently, the discount rate used may be

IFRS	U.S. GAAP
	lower than the rate used under IFRS (ASC 715-30-35-43 through 35-46).
Fair value of plan assets The fair value of any plan assets is deducted from the present value of the defined benefit obligation in determining the deficit or surplus (IAS 19.113). Plan assets exclude unpaid contributions due from the reporting entity to the fund, as well as any non-transferable financial instruments issued by the entity and held by the fund. Plan assets are reduced by any liabilities of the fund that do not relate to employee benefits, for example, trade and other payables and liabilities resulting from derivative financial instruments (IAS 19.114). Where plan assets include qualifying insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan, the fair value of those insurance policies is deemed to be the present value of the related obligations (subject to any reduction required if the amounts receivable under the insurance policies are not recoverable in full) (IAS 19.115).	*Asset valuation* Similar to IFRS, plan assets are measured at fair value as of the measurement date. However, unlike IFRS, the fair value of a plan asset is reduced by brokerage commissions and other costs normally incurred in a sale if those costs are significant (similar to fair value less costs to sell) (ASC 715-30-35-50). Unlike IFRS, there is no guidance for qualifying insurance policies.
Measurement dates An entity determines the net defined benefit liability (asset) with sufficient regularity such that amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period (IAS 19.58).	*Measurement dates* Unlike IFRS, the measurement of plan assets and benefit obligations are as of the date of the employer's fiscal year-end balance sheet unless the plan is sponsored by a consolidated subsidiary or equity method investee with a different fiscal period. In those situations, the subsidiary's plan assets and benefit obligations are measured as of the date used to consolidate the subsidiary's balance sheet and the investee's plan assets and benefit obligations are measured as of the

IFRS	U.S. GAAP
	date used to apply the equity method (ASC 715-30-35-62 through 35-63). An entity with a fiscal year-end that does not coincide with a month-end may measure defined benefit plan assets and obligations using the month-end that is closest to an entity's fiscal year-end as a practical expedient. This practical expedient must be applied consistently from year to year and to all defined benefit plans of the entity (ASC 715-35-63B).
Remeasurements of the net defined benefit liability (asset) Remeasurements of the net defined benefit liability (asset) comprise (IAS 19.127): • Actuarial gains and losses (IAS 19.128-.129) • Return on plan assets (IAS 19.130), excluding amounts included in net interest on the net defined benefit liability (asset) (IAS 19.125); and • Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset) (IAS 19.126). Actuarial gains and losses result from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments (IAS 19.128): • Actuarial gains and losses do not include changes in the present value of the defined benefit obligation because of the introduction, amendment, curtailment, or settlement of the defined benefit plan, or changes to the benefits payable under the defined benefit plan. Such changes result in past service cost or gains or losses on settlement (IAS 19.129).	*Actuarial gains and losses* Amortization of a net gain or loss included in accumulated OCI (excluding asset gains and losses not yet reflected in market-related value) is included as a component of net pension cost for a year if, as of the beginning of the year, that net gain or loss exceeds 10 percent of the greater of the projected benefit obligation (accumulated postretirement benefit obligation for an other postretirement defined benefit plan) or the market-related value of plan assets. If amortization is required, the minimum amortization is that excess divided by the average remaining service period of active employees expected to receive benefits under the plan. If all or almost all of a plan's participants are inactive, the average remaining life expectancy of the inactive participants is used instead of the average remaining service (ASC 715-30-35-24). Actuarial gains and losses not recognized in income are recognized in OCI when they occur (ASC 715-30-35-21). An entity may adopt a systematic method of recognizing actuarial gains and losses in the period incurred if all of the following conditions are met:

IFRS	U.S. GAAP
• In determining the return on plan assets, an entity deducts the costs of managing the plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the defined benefit obligation (IAS 19.76). Other administration costs are not deducted from the return on plan assets (IAS 19.130).	• The minimum is used in any period in which the minimum amortization is greater • The method is applied consistently • The method is applied similarly to gains and losses (ASC 715-30-35-25).
Past service cost Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment (IAS 19.102). An entity recognizes past service cost as an expense at the earlier of the following dates (IAS 19.103): • When the plan amendment or curtailment occurs • When the entity recognizes related restructuring costs (see IAS 37.70-.83) or termination benefits (IAS 19.165) A plan amendment occurs when an entity introduces or withdraws a defined benefit plan or changes the benefits payable under an existing defined benefit plan (IAS 19.104). Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when benefits are withdrawn or changed so that the present value of the defined benefit obligation decreases) (IAS 19.106).	*Prior service costs* Unlike IFRS, prior service costs are recognized in OCI in the period incurred and then are amortized as a net periodic pension cost over the future service period of active employees. However, if all or almost all of the plan participants are inactive, prior service costs are amortized over the remaining life expectancy of those participants. A prior service credit is used first to reduce any remaining prior service cost included in accumulated OCI. Any remaining prior service credit is amortized as a component of net periodic pension cost (ASC 715-30-35-10 through 35-11 and 35-17).
Curtailments A curtailment occurs when an entity significantly reduces the number of employees covered by a plan. A curtailment may arise from an isolated	*Curtailments* Similar to IFRS, a curtailment is an event that significantly reduces the expected years of future service of present employees or

IFRS	U.S. GAAP
event, such as the closing of a plant, discontinuance of an operation or termination or suspension of a plan (IAS 19.105).	eliminates for a significant number of employees the accrual of defined benefits for some or all of their future services (ASC Master Glossary, "Curtailment"). The prior service cost or credit included in accumulated OCI associated with years of service no longer expected to be rendered as the result of a curtailment is a loss or gain. In addition, the projected benefit obligation may be decreased (again) or increased (a loss) by a curtailment. To the extent that a loss exceeds any net gain included in accumulated OCI (or the entire loss, if a net loss exists), it is a curtailment loss. A curtailment loss is recognized when the curtailment is probable of occurring and the effects can be reasonably estimated. To the extent that a gain exceeds any net loss included in accumulated OCI (or the entire gain, if a net gain exists), it is a curtailment gain. A curtailment gain is recognized when the related employees terminate or the plan suspension or amendment is adopted. Any transition asset remaining in accumulated OCI from initial application of ASC 715 is treated as a net gain and is combined with the net gain or loss arising thereafter (ASC 715-30-35-92 through 35-94).
Settlements An entity recognizes a gain or loss on the settlement of a defined benefit plan when the settlement occurs (IAS 19.110). A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan (other than a payment of benefits to, or on behalf of, employees in accordance with the terms of the plan and included in the actuarial assumptions) (IAS 19.111).	*Settlements* Settlement gains or losses are recognized when the settlement occurs. The amount of the settlement gain or loss is the net gain or loss remaining in accumulated OCI plus any transition asset remaining in accumulated OCI from initial application of ASC 715 (ASC 715-30-35-79).

IFRS	U.S. GAAP
The gain or loss on a settlement is the difference between (IAS 19.109): • The present value of the defined benefit obligation being settled, as determined on the date of settlement; and • The settlement price, including any plan assets transferred and payments made directly by the entity in connection with the settlement.	
Presentation	
Classification of pension assets and liabilities IAS 19 does not specify whether an entity distinguishes current and non-current portions of assets and liabilities arising from post-employment benefits. However, some entities make that distinction (IAS 19.133 and IAS 1.60).	*Classification of pension assets and liabilities* Unlike IFRS, U.S. GAAP explicitly states that if a classified balance sheet is presented, an employer classifies the liability for an underfunded plan as a current liability, a noncurrent liability, or a combination of both. The current portion (determined on a plan-by-plan basis) is the amount by which the actuarial present value of benefits included in the benefit obligation payable in the next 12 months exceeds the fair value of plan assets. The asset for an overfunded plan is classified as a noncurrent asset (ASC 715-20-45-3).
Statement of profit or loss and other comprehensive income classification of defined benefit cost IAS 19.120 requires an entity to recognize service cost and net interest on the net defined benefit liability (asset) in profit or loss. IAS 19 does not specify how an entity presents service cost and net interest on the net defined benefit liability (asset). An entity presents those components in accordance with IAS 1.81A-.105 (IAS 19.134).	*Statement of profit or loss and other comprehensive income classification of defined benefit cost* An employer shall report in the income statement: • Service cost is reported in the same line item as other compensation costs from the related employees on the statement of income, separate from other components of net benefit cost. • Other components of net cost are presented outside of a subtotal of income from operations, if presented. Other components are

IFRS	U.S. GAAP
	defined in ASC 715-30-35-4 and ASC 715-60-35-9 (ASC 715-20-45-3A).
Capitalization Service costs, net interest of the net defined benefit liability or asset, and remeasurements of the net defined benefit liability or asset are capitalized in the appropriate proportion where required (IAS 19.121).	*Capitalization* Unlike IFRS, only the service cost component of net benefit cost is eligible for capitalization (ASC 715-30-35-7A).
Post-employment benefits – multi-employer and group plans	
Multi-employer plans An entity classifies a multi-employer plan as a defined benefit plan or a defined contribution plan based on the terms of the plan (including any constructive obligation that goes beyond the formal terms) (IAS 19.32: For a multi-employer defined benefit plan, an entity accounts for its proportionate share of the defined benefit obligation, plan assets, and costs the same way as for any other defined benefit plan (IAS 19.33). If information is not available to apply defined benefit accounting, an entity accounts for the plan as if it were a defined contribution plan (IAS 19.34).	*Multi-employer plans* Unlike IFRS, if the plan is a multi-employer plan, it is accounted for in a manner similar to a defined contribution plan by the individual companies (ASC 715-80-35-1). Some plans in which two or more unrelated employers contribute are not multi-employer plans. In substance, they are aggregations of single-employer plans that allow participating employers to pool their assets for investment purposes and to reduce administrative costs (ASC 715-30-35-70).
Defined benefit plans that share risks between entities under common control Defined benefit plans that share risks between entities under common control, for example, a parent and its subsidiaries, are not multi-employer plans (IAS 19.40).	*Group plans* Unlike IFRS, group plans are not specifically addressed. Group plans are accounted for as multi-employer or multiple employer plans depending on the individual facts and circumstances. In such circumstances related party disclosures are appropriate. See Section 10.7, “Related party disclosures.”

IFRS	U.S. GAAP
An entity participating in such a plan obtains information about the plan as a whole measured in accordance with IAS 19 on the basis of assumptions that apply to the plan as a whole. If there is a contractual agreement or stated policy for charging to individual group entities the net defined benefit cost for the plan as a whole is measured in accordance with IAS 19, the entity, in its separate or individual financial statements, recognizes the net defined benefit cost so charged. If there is no such agreement or policy, the net defined benefit cost is recognized in the separate or individual financial statements of the group entity that is legally the sponsoring employer for the plan. The other group entities, in their separate or individual financial statements, recognize a cost equal to their contribution payable for the period (IAS 19.41).	
Other long-term employee benefits	
Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits, and termination benefits (IAS 19.8). The measurement of other long-term employee benefits is not usually subject to the same degree of uncertainty as the measurement of post-employment benefits, as such IAS 19 applies a simplified method of accounting for other long-term employee benefits. Unlike the accounting for post-employment benefits, this method does not recognize remeasurements in OCI (IAS 19.154). In recognizing and measuring the surplus or deficit in an other long-term employee benefit plan, an entity applies IAS 19.56-.98 and .113-.115. An entity applies IAS 19.116-.119 in recognizing and measuring any reimbursement right (IAS 19.155). For other long-term employee benefits, an entity recognizes the net total of the following amounts in profit or loss, except to the extent that	U.S. GAAP addresses some, but not all, other long-term benefits as defined in IAS 19. Unlike IFRS, U.S. GAAP does not differentiate between short-term and long-term benefits. An employer recognizes a liability for future benefits in accordance with ASC 715-60 if, in substance, the benefits constitute a postretirement plan. If the benefits are, in substance, individual deferred compensation contracts, ASC 715-10 applies. In general, the accounting for other long-term benefits is similar to that described above for short-term benefits. Unlike IFRS, U.S. GAAP does not include a comparable simplified version of the accounting for long-term benefits.

IFRS	U.S. GAAP
another IFRS requires or permits their inclusion in the cost of the asset (IAS 19.156): • Service cost (IAS 19.66-.112 and paragraph 122A) • Net interest on the net defined benefit liability (asset) (IAS 19.123-.126) • Remeasurements of the net defined benefit liability (asset) (IAS 19.127-.130)	
Termination benefits	
General Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either (IAS 19.8 and .159): • An entity's decision to terminate an employee's employment before the normal retirement date; or • An employee's decision to accept an offer of benefits in exchange for the termination of employment	*General* Unlike IFRS, U.S. GAAP defines four different types of termination benefits and the related accounting: • Special termination benefits: A liability for these benefits is recognized when the employees accept the offer and the amount can be reasonably estimated (ASC 712-10-25-1). • Contractual termination benefits: A liability is recognized when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated (ASC 712-10-25-2). • One-time termination benefits: A liability is recognized when the plan of termination is communicated to employees and certain criteria are met. However, if employees are required to render services beyond a minimum retention period the liability is recognized ratably over the future service period (ASC 420-10-25-4 through 25-10). • Benefits, other than special or contractual termination benefits, that are provided to former or inactive employees that meet the conditions in ASC 710-10-25-1 (see the Short-term employee

IFRS	U.S. GAAP
	benefits subsection above) are accounted for in accordance with ASC 710-10. Such benefits that do not meet those conditions are recognized when it is probable that a liability for the benefit has been incurred and the amount can be reasonably estimated (ASC 712-10-25-5).
Liability recognition An entity recognizes a liability and expense for termination benefits at the earlier of the following dates (IAS 19.165): • When the entity can no longer withdraw the offer of those benefits • When the entity recognizes costs for a restructuring that is within the scope of IAS 37.70-.83 and involves the payment of termination benefits	*Liability recognition* Unlike IFRS, the recognition of the termination benefit depends on the type of benefit (as listed above).
Employee's decision to accept an offer of benefits in exchange for the termination of employment For termination benefits payable as a result of an employee's decision to accept an offer of benefits in exchange for the termination of employment, the time when an entity can no longer withdraw the offer of termination benefits is the earlier of (IAS 19.166): • when the employee accepts the offer; and • when a restriction (e.g., a legal, regulatory, or contractual requirement or other restriction) on the entity's ability to withdraw the offer takes effect. This would be when the offer is made if the restriction existed at the time of the offer.	*Employee's decision to accept an offer of benefits in exchange for the termination of employment* Unlike IFRS, U.S. GAAP would distinguish this as a special termination benefit to an employee. As such, the termination benefit shall be recognized as a liability and a loss when the employees accept the offer and the amount can be reasonably estimated. An employer that offers, for a short period of time, special termination benefits to employees, shall not recognize a loss at the date the offer is made based on the estimated acceptance rate (ASC 712-10-25-1).
Measurement of termination benefits	*Measurement of termination benefits*

IFRS	U.S. GAAP
An entity measures termination benefits on initial recognition, and measures and recognizes subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise, (IAS 19.169): • If the termination benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the termination benefit is recognized, the entity applies the requirements for short-term employee benefits. • If the termination benefits are not expected to be settled wholly before 12 months after the end of the annual reporting period, the entity applies the requirements for other long-term employee benefits.	Unlike IFRS, U.S. GAAP determines accounting for four different types of termination benefits. U.S. GAAP does not distinguish measurement based on when the termination benefits are expected to be settled wholly.

6.3 Share-based payments

IFRS	U.S. GAAP
Relevant guidance: IFRS 2	**Relevant guidance:** ASC 718
Introduction	
General IFRS 2 requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees (IFRS 2.1).	*General* Similar to IFRS, ASC 718 applies to share-based payment transactions in which an entity acquires goods or services or provides consideration payable to a customer by either issuing equity instruments or by incurring liabilities to a grantee that either are (a)

IFRS	U.S. GAAP
The scope of IFRS 2 includes all share-based payment transactions including (IFRS 2.2): • *Equity-settled share-based payment transactions* – The entity receives goods or services as consideration for its equity instruments. • *Cash-settled share-based payment transactions* – The entity acquires goods or services by incurring liabilities that are based on the price of the entity's shares or other equity instruments. • *Equity-settled or cash-settled transactions* – The entity receives or acquires goods or services, and the entity or the supplier has a choice of whether the entity settles the transaction in cash or by issuing equity instruments.	settled in an amount based, at least in part, on the price of the entity's shares or other equity instruments of the entity or (b) require or may require settlement by issuing the entity's shares or other equity instruments (ASC 718-10-15-3).
Share-based payment arrangements settled with cash or other assets A share-based payment award can be an agreement where the other party receives cash or other assets of the entity for amounts that are based on the price (or value) of equity instruments (including shares or share options) of the entity or another group entity (IFRS 2.A)	*Share-based payment arrangements settled with cash or other assets* Unlike IFRS, to meet the definition of a share-based payment arrangement the settlement amount needs to be based, at least in part, on the price of the entity's shares or other equity instruments (e.g., share-based compensation may be indexed to both the price of an entity's shares and something else) (ASC 718-10-15-3).
Equity or liability classification of a share-based award The entity shall account for share-based payment transactions in which it receives services as consideration for its own equity instruments as equity-settled. This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement (IFRS 2.B49.) Cash-settled share-based payment transactions are liability classified. Further, granting the right to shares (including shares to be issued	*Equity or liability classification of a share-based award* Equity or liability classification of a share-based award (ASC 718-10-25-6 through 25-19A) could differ from IFRS which could result in significant differences in accounting for these awards under ASC 718 and IFRS 2.

IFRS	U.S. GAAP
upon the exercise of share options) that are redeemable, either mandatorily (for example, upon cessation of employment) or at the employee's option are examples of cash-settled share-based payment transactions (IFRS 2.30-.31). If an entity has a choice of settlement, but the entity has a present obligation to settle in cash, it shall account for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions. The entity has a present obligation to settle in cash if the choice of settlement in equity instruments has no commercial substance (e.g., because the entity is legally prohibited from issuing shares), or the entity has a past practice or a stated policy of settling in cash, or generally settles in cash whenever the counterparty asks for cash settlement (IFRS 2.41-.42).	
Share purchase plans All employee share purchase plans are considered compensatory arrangements and are within the scope of IFRS 2 except for transactions to which other Standards apply (IFRS 2.2-.6). In IFRS 2, any reference to employees also includes others providing similar services (IFRS 2.11, footnote 3).	*Share purchase plans* Unlike IFRS, an employee share purchase plan that satisfies certain explicit criteria is not considered compensatory (ASC 718-50-25-1).
Share-based payment transactions settled by others Share-based payment transactions may be settled by another group entity (or a shareholder of any group entity) on behalf of the entity receiving or acquiring the goods or services. The guidance in IFRS 2.2 also applies to an entity that: • Receives goods or services when another entity in the same group (or shareholder of any group entity) has the obligation to settle the share-based payment transaction; or	*Share based payment transactions settled by others* Share based payments awarded to an employee on behalf of an entity, by a related party or other holder of an economic interest in the entity as compensation for services provided to the entity are share based payment transactions and thus accounted for as such unless the transfer is clearly for a purpose other than compensation for services to the entity. The economic interest holder makes a capital contribution

IFRS	U.S. GAAP
• Has an obligation to settle a share-based payment transaction when another entity in the same group receives the goods or services, unless the transaction is clearly for a purpose other than payment for goods or services supplied to the entity receiving them (IFRS 2.3A).	to the entity, who makes a share-based payment to its employee in exchange for services rendered (ASC 718-10-15-4).
Service vesting condition A service condition requires the counterparty to complete a specified period of service during which services are provided to the entity. If the counterparty, regardless of the reason, ceases to provide service during the vesting period, it has failed to satisfy the condition. A service condition does not require a performance target to be met. (IFRS 2.A).	*Service vesting condition* Similar to IFRS, a service condition is a condition affecting the vesting, exercisability, exercise price, or other pertinent factors used in determining the fair value of an award that depends solely on an employee rendering service to the employer for the requisite service period or a nonemployee delivering goods or rendering services to the grantor over a vesting period. A condition that results in the acceleration of vesting in the event of a grantee's death, disability, or termination without cause is a service condition (ASC 718-20).
Performance vesting condition A performance vesting condition that requires (IFRS 2.A): • Completing a specified period of service (i.e., a service condition); the service requirement can be explicit or implicit; and • Achieving specified performance target(s) to be met while the counterparty is rendering the service.	*Performance vesting condition* Similar to IFRS, a performance condition is a condition affecting the vesting, exercisability, exercise price, or other pertinent factors used in determining the fair value of an award that relates to both of the following (ASC 718-10-20): • Rendering service or delivering goods for a specified (either explicitly or implicitly) period of time • Achieving a specified performance target that is defined solely by reference to the grantor's own operations (or activities) or by reference to the grantee's performance related to the grantor's own operations (or activities).

IFRS	U.S. GAAP
Market vesting condition A performance condition upon which the exercise price, vesting or exercisability of an equity instrument depends that is related to the market price (or value) of the entity's equity instruments (or the equity instruments of another entity in the same group), such as achievement of the following: • A specified share price or a specified amount of intrinsic value of a share option; or • A specified target that is based on the market price (or value) of the entity's equity instruments (or the equity instruments of another entity in the same group) relative to an index of market prices of equity instruments of other entities (IFRS 2.A).	*Market vesting condition* Similar to IFRS, a condition affecting the exercise price, exercisability, or other pertinent factors used in determining the fair value of an award under a share-based payment arrangement that relates to the achievement of either of the following (ASC 718-10-20): • A specified price of the issuer's shares or a specified amount of intrinsic value indexed solely to the issuer's shares • A specified price of the issuer's shares in terms of a similar (or index of similar) equity security (securities). The term similar as used in this definition refers to an equity security of another entity that has the same type of residual rights. For example, common stock of one entity generally would be similar to the common stock of another entity for this purpose.
Definition of an employee An employee is an individual who renders personal services to the entity and either (a) the individual is regarded as an employee for legal or tax purposes, (b) the individual works for the entity under its direction in the same way as individuals who are regarded as employees for legal or tax purposes, or (c) the services rendered are similar to those rendered by employees. For example, the term encompasses all management personnel, i.e., those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, including non-executive directors (IFRS 2.A).	*Definition of an employee* Similar to IFRS, an individual over whom the grantor of a share-based compensation award exercises or has the right to exercise sufficient control to establish an employer-employee relationship based on common law or if the employer is abroad based on pertinent laws of that jurisdiction. The definition of an employee for payroll tax purposes under the U.S. Internal Revenue Code includes common law employees. Accordingly, a grantor that classifies a grantee potentially subject to U.S. payroll taxes as an employee also must represent that individual as an employee for payroll tax purposes (unless the grantee is a leased employee as described below). Unlike IFRS, U.S. GAAP has specific conditions that must be met for a leased employee to meet the definition of an employee.

IFRS	U.S. GAAP
	Unlike IFRS, non-executive directors do not meet the definition of an employee. However, U.S. GAAP does allow for nonemployee directors acting in their role as members of a board of directors to be treated as employees if those directors were elected by the employer's shareholders or appointed to a board position that will be filled by shareholder election when the existing term expires. However, that requirement applies only to awards granted to nonemployee directors for their services as directors. Awards granted to those individuals for other services shall be accounted for as awards to nonemployees (ASC 718-10-20).
Recognition	
General An entity recognizes the goods or services received or acquired when it obtains the goods or as the services are received. The entity recognizes a corresponding increase in equity for an equity-settled transaction, or an increase in a liability for a cash-settled transaction (IFRS 2.7). When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognized as expenses (IFRS 2.8). If the equity instruments granted vest immediately, the counterparty is not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. In the absence of evidence to the contrary, the entity shall presume that services rendered by the counterparty as consideration for the equity instruments have been received (IFRS 2.14). If the equity instruments granted do not vest until the counterparty completes a specified period of service, an expense is recognized	*General* Similar to IFRS (ASC 718-10-25-2 through 25-4). The measured compensation cost for share-based awards to employees is recognized as those employee services are received. The corresponding credit is an increase in equity for equity classified awards or liability for liability classified awards (ASC 718-10-35-2 and ASC 718-30-35-2).

IFRS	U.S. GAAP
during the vesting period with a corresponding increase in equity (IFRS 2.15).	
Expense attribution method Share options or other equity instruments granted might vest in instalments over the vesting period. An entity should treat each instalment as a separate share option grant, because each installment has a different vesting period, and hence the fair value of each instalment will differ (because the length of the vesting period affects, for example, the likely timing of cash flows arising from the exercise of the options) (IFRS 2. IG 11i).	*Expense attribution method* An entity is permitted to make an accounting policy decision to use a straight-line or accelerated attribution method for awards that have graded service requirements regardless of the method used to value the award (ASC 718-10-35-8), but only for an employee award with a service condition. Unlike U.S. GAAP, IFRS does not permit the use of a straight-line attribution method.
Award valuation and vesting conditions Vesting conditions, other than market conditions are not taken into account when estimating the fair value of the shares or share options at the measurement date. Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for goods or services received as consideration for the equity instruments granted are based on the number of equity instruments that eventually vest (IFRS 2.19). Market conditions are taken into account when estimating the fair value of the equity instruments granted (IFRS 2.21). Terms of an award that affect vesting and could be achieved after an employee completes the requisite service period would not be a performance condition under IFRS 2. The period of achieving the performance target would not extend beyond the end of the service period (IFRS 2, Appendix A). As such, those conditions would not meet the definition of a vesting condition in IFRS 2, Appendix A. Non-	*Award valuation and vesting conditions* Similar to IFRS*,* market conditions are taken into account when estimating the fair value of the equity instruments (ASC 718-10-25-20 and 25-21, ASC 718-10-30-14 and 30-25 through 30-27; ASC 718-10-35-2 through 35-7). Similar to IFRS, vesting conditions, other than market conditions, affect the timing of expense recognition (service or performance-based) and the number of equity instruments included in the measurement of the transaction amount (forfeitures). Similar to IFRS, the terms of some awards provide that a performance target that affects vesting could be achieved after an employee completes the requisite service period. Such a performance target is accounted for as a performance condition and thus is not reflected in estimating the fair value of the award at grant date. Compensation cost is recognized in the period it becomes probable the performance target will be met and represents the compensation cost attributable to the periods for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized

IFRS	U.S. GAAP
vesting conditions are taken into account when estimating the fair value of the equity instruments granted (IFRS 2.21A). Vesting conditions other than market conditions are not taken into account when estimating the value of the cash-settled share-based payment (IFRS 2.33A).	compensation cost for which requisite service has not been rendered is recognized prospectively over the remaining requisite service period (ASC 718-10-30-28). Unlike U.S. GAAP, under IFRS, a performance target that could be achieved after the requisite service period would not meet the definition of a performance condition and thus are accounted for as nonvesting conditions that are reflected in the grant-date fair value of the award. Similar to IFRS, vesting conditions other than market conditions are not taken into account when estimating the value awards.
Cash-settled transactions The entity recognizes an expense for the services received and a liability to pay for those services, as the service is rendered (IFRS 2.32).	*Liability-classified transactions* Similar to IFRS.
Equity-settled transactions with nonemployees The entity recognizes an expense when the entity obtains the goods or as the services are received (IFRS 2.13).	*Equity-settled transactions with nonemployees* Similar to IFRS.
Measurement - Equity-settled transactions with employees	

IFRS	U.S. GAAP
Fair value of equity instruments granted The fair value of services received is measured by reference to the fair value of the equity instruments granted because typically it is not possible to estimate reliably the fair value of the services received. The fair value of those equity instruments is measured at grant date (IFRS 2.11). The fair value of equity instruments granted is based on market prices, if available, at the measurement date. If market prices are not available, a valuation technique is used to estimate fair value (IFRS 2.16-.17). Having recognized the goods or services received in accordance with IFRS 2.10-.22, and a corresponding increase in equity, the entity does not make any subsequent adjustment to total equity after vesting date (IFRS 2.23).	*Fair value of equity instruments granted* Similar to IFRS, the fair value of services received from employees is determined based on an estimate of the fair value of the share-based instruments that will be issued rather than on a direct measure of the fair value of the employee services the entity will receive in exchange for the share-based instruments (ASC 718-10-30-2 through 30-4).
Forfeitures Under IFRS, the entity shall recognize an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates (IFRS 2.20).	*Forfeitures* Unlike IFRS, an entity may make an entity-wide accounting policy election to estimate the expected number of forfeitures of awards or recognize forfeitures as they occur (ASC 718-10-35-3).
Grant date The date at which an entity and another party (including an employee) agree to a share-based payment arrangement being when the entity and the counterparty have a similar understanding of the terms and conditions of the arrangement (IFRS 2, Appendix A).	*Grant date* Similar to IFRS, the grant date is the date on which the fair value of the employee awards is measured and the parties have a shared understanding of the terms of the arrangement. Like IFRS, it is the date the employee is affected by subsequent changes in the share price (ASC Master Glossary, “Grant Date”).

IFRS	U.S. GAAP
Intrinsic value In rare cases in which the fair value of equity instruments cannot be reliably estimated at the measurement date, the intrinsic value is used with subsequent remeasurement, at the end of each reporting period, until final settlement (IFRS 2.24).	*Intrinsic value* Similar to IFRS (ASC 718-10-30-4, 30-21 and 30-22).
Measurement – Cash-settled transactions with employees	
Remeasurement of liability classified awards The goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period (IFRS 2.30).	*Remeasurement of liability classified awards* Share-based payment awards classified as liabilities are accounted for under ASC 718's measurement and recognition provisions for liabilities, which require variable accounting until the award is settled or expires unexercised (ASC 718-30-35-1).
Recognition of expense The entity shall recognize the services received, and a liability to pay for those services, as the employees render service (IFRS 2.32).	*Recognition of expense* Similar to IFRS, the percentage of the fair value that is accrued as compensation cost at the end of each period shall equal the percentage of the requisite service that has been rendered for an employee award or the percentage that would have been recognized had the grantor paid cash for the goods or services instead of paying with a nonemployee award at that date (ASC 718-30-35-2).
Measurement – Equity-settled transactions with non-employees	
General Similar recognition requirements are applied to transactions with parties other than employees (IFRS 2.13).	*General* Similar to IFRS.

IFRS	U.S. GAAP
Fair value Goods or services received are measured at the fair value of the goods or services received. There is a rebuttable presumption that the fair value of the goods or services received can be estimated reliably. If fair value of the goods or services received cannot be estimated reliably, then the fair value is measured by reference to the fair value of the equity instruments granted (IFRS 2.13).	*Fair value* Unlike IFRS, the cost of goods obtained or services received in exchange for awards of share-based compensation generally shall be measured based on the grant-date fair value of the equity instruments issued or on the fair value of the liabilities incurred (ASC 718-10-30-3).
Measurement date That fair value shall be measured at the date the entity obtains the goods or the counterparty renders service (IFRS 2.13).	*Measurement date* Unlike IFRS, the measurement date for awards to nonemployees is the grant-date (ASC 718-10-30-3).
Modifications	
General If an equity instrument is modified, an entity recognizes the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, the entity recognizes the effects of modifications that increase the total value of the share-based payment arrangement or are otherwise beneficial to the employee (IFRS 2.27).	*General* Unlike IFRS, an entity does not account for a modification if all of the following are true about the award immediately before and after the modification date (ASC 718-20-35-2A) • The fair value (or calculated or intrinsic value under the alternative measurement method) is the same • The vesting conditions are the same • The classification as equity or liability is the same However, if these conditions are not met, similar to IFRS, an entity determines the fair value of the modified award on the modification date and compares that to the fair value of the original award determined immediately before the modification occurs. If the fair value of the modified award exceeds the fair value of the original award

IFRS	U.S. GAAP
	immediately before its terms are modified, the excess is additional compensation cost. Total compensation cost is generally the sum of the grant-date fair value of the award plus the additional compensation cost resulting from the modification. The cost is recognized prospectively over the remaining requisite service period or, if the modified award is fully vested, the incremental compensation cost is recognized on the modification date (ASC 718-20-35-3).
Service or performance condition modification If the entity modifies the vesting conditions in a manner that is beneficial to the employee, for example, by reducing the vesting period or by modifying or eliminating a performance condition the entity shall take the modified vesting conditions into account when recognizing the expense (IFRS 2.B43).	*Service or performance condition modification* Similar to IFRS (ASC 718-20-55-107 through 108).
Cancellation of an award The entity shall account for the cancellation or settlement as an acceleration of vesting and shall therefore recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period (IFRS 2.28).	*Cancellation of an award* Like IFRS, if an award is cancelled for no consideration and it is not accompanied by a concurrent grant of (or offer to grant) a replacement award, it is accounted for as a repurchase for no consideration. Any unrecognized compensation cost is recognized on the cancellation date (ASC 718-20-35-9).
Cancellation and replacement If new equity instruments are granted to the employee and the entity identifies the new equity instruments granted as replacement equity instruments, the entity accounts for the granting of replacement equity instruments in the same way as a modification of the original grant of equity instruments (IFRS 2.28).	*Cancellation and replacement* Similar to IFRS, cancellation of an award, accompanied by a concurrent grant of (or offer to grant) a replacement award, is accounted for as a modification of the cancelled award (ASC 718-20-35-8).

IFRS	U.S. GAAP
Settlement of an award Any payment made to the employee on the cancellation or settlement of the grant shall be accounted for as the repurchase of an equity interest, i.e., as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess shall be recognized as an expense (IFRS 2.28).	*Settlement of an award* Similar to IFRS, settlement accounting applies when an entity repurchases a share-based award. In general, if an entity settles an award by repurchasing it for cash or other consideration or by incurring a liability, any excess of the repurchase price over the fair value of the repurchased instrument is recognized as additional compensation cost (ASC 718-20-35-7).
Non-vesting conditions	
Non-vesting conditions are all conditions other than service and performance. All non-vesting conditions are taken into account when estimating the fair value of equity instruments granted. An entity recognizes the goods or services received from a counterparty that satisfies all vesting conditions that are not market conditions (e.g. services received from an employee who remains in service for the specified period of service), irrespective of whether those non-vesting conditions are satisfied. If the non-vesting condition is not met and neither the counterparty nor the entity can choose whether the condition is met, the entity continues to recognize expense over the remainder of the vesting period (IFRS 2.21A and IFRS 2, IG24). If either the entity or counterparty can choose whether to meet a non-vesting condition, failure to meet that non-vesting condition during the vesting period is to be treated as a cancellation (IFRS 2.28A and IFRS2, IG15A). The cancellation is accounted for as an acceleration of vesting. The amount that would otherwise have been recognized for services received over the remainder of the vesting period is expensed (IFRS 2, IG24).	An award that includes a non-vesting condition is classified as a liability award. The impact of a non-vesting condition is taken into account when estimating the fair value of equity instruments granted (ASC 718-10-25-13).

7. Financial instruments

7.1 Recognition and measurement of financial assets

IFRS	U.S. GAAP
Relevant guidance: IFRS 9; IAS 32	**Relevant guidance:** ASC 210, 310, 320, 321, 326, 718, 815, 825, and 860
Introduction	
General IFRS 9 addresses the classification and measurement of financial instruments, including financial assets. Financial assets include (IAS 32.11): • Cash • Equity instruments of another entity • Contractual rights to receive cash or another financial asset • Contractual rights to exchange financial instruments with another entity on potentially favorable terms • A contract that may or will be settled in entity's own equity instruments and is:	*General* A financial asset is defined as cash, evidence of an ownership interest in an entity, or a contract that conveys to one entity a right to do either of the following (ASC Master Glossary, "Financial Asset"): • Receive cash or another financial instrument from a second entity • Exchange other financial instruments on potentially favorable terms with the second entity A financial asset exists if and when two or more parties agree to payments terms and those payment terms are reduced to a contract. To be a financial asset, an asset must arise from a contractual agreement between two or more parties, not by an imposition of an obligation by one party on another.

IFRS	U.S. GAAP
– A non-derivative to receive a variable number of the entity's own equity instruments – A derivative that will or may be settlement other than by an exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments	
Scope	
Applied by all entities to all types of financial instruments except (IFRS 9.2.1): • Interests in subsidiaries, associates and joint ventures accounted for under IFRS 10, IAS 27, or IAS 28, unless permitted by those Standards • Rights and obligations of leases under IAS 17 (or IFRS 16), with certain exceptions • Employers’ rights and obligations of employee benefit plans under IAS 19 • Financial instruments issued by an entity that are an equity instrument under IAS 32 or are required to be classified as such • Rights and obligations under insurance contracts accounted for under IFRS 4, with certain exceptions • Any forward contract between an acquirer and a selling shareholder to buy or sell an acquiree that is a business combination under IFRS 3 • Certain loan commitments	Guidance in ASC 310 applies to all entities and a variety of instruments and transactions but does not apply to mortgage banking activities or contracts accounted for as derivatives under ASC 815 (ASC 310-10-15-1 through 15-3). Guidance in ASC 320 applies to all entities except brokers and dealers in securities, defined benefit pension and other postretirement plans and investment companies. The guidance on identifying and accounting for the impairment of certain securities applies to not-for-profit entities (ASC 320-10-15-2 through 15-4). ASC 815 generally applies to all entities. Certain instruments are excluded from the scope (ASC 815-10-15). ASC 825 applies all entities (ASC 825-10-15-2). Certain instruments are not eligible for the fair value option (ASC 825-10-15-5). ASC 860 applies to all entities (ASC 860-10-15-2). Certain transactions and activities are exempt from the requirements in ASC 860 on accounting for transfers and servicing of financial assets (ASC 860-10-15-4).

IFRS	U.S. GAAP
• Financial instruments, contracts, and obligations under share-based payment transactions under IFRS 2, with certain exceptions • Rights to payments to reimburse an entity for an expenditure that is required to settle a liability that is recognized as a provision under IAS 37 • Rights and obligations within IFRS 15 that are financial instruments, with certain exceptions	
Initial recognition, classification and subsequent measurement	
General Recognize financial asset when and only when the entity becomes party to the contractual provisions of the instrument. Classify and measure a financial asset as noted below (IFRS 9.3.1.1). On subsequent measurement, most financial assets will be categorized at (IFRS 9.4.1.1): • Amortized cost; • Fair value through other comprehensive income; or • Fair value through profit or loss (FVTPL). The basis of classification is based on the entity's business model for managing financial assets, and contractual cash flow characteristics of the financial asset. Debt and equity securities which give the entity control or significant influence over another entity are outside of the scope of this guidance.	*General* Unlike IFRS, there is no general categorization scheme for financial assets and they are scoped into various different subsections of U.S. GAAP guidance. Broadly they are categorized as follows: • Derivative financial instruments (see Section 7.3, "Recognition and measurement of derivatives"), which would be recorded at fair value through profit and loss. • Loans and receivables. ASC 310-10-35-44 provides guidance on aspects of subsequent measurement for various types of receivables. Generally loans and receivables are recorded as follows: – Loans held for investment, subsequently measured at amortized cost. – Loans held for sale, subsequently measured at the lower of cost or fair value. • Debt securities within the scope of ASC 320:

IFRS	U.S. GAAP
	– Trading - Investments in debt securities that are classified as trading shall be measured subsequently at fair value in the statement of financial position. Unrealized holding gains and losses for trading securities shall be included in earnings. – Held-to-maturity – defined narrowly with strict conditions and covers only those debt securities that the enterprise has the positive intent and ability to hold to maturity. Investments in debt securities classified as held to maturity shall be measured subsequently at amortized cost in the statement of financial position (ASC 320-10-25-1 and 35-1) – Available-for-sale – debt securities not classified as trading or held-to-maturity securities. Investments in debt securities that are classified as available for sale shall be measured subsequently at fair value in the statement of financial position. Unrealized holding gains and losses for available-for-sale securities (including those classified as current assets) shall be excluded from earnings and reported in other comprehensive income until realized (with an exception). • Equity securities within the scope of ASC 321: – Equity securities in the scope of ASC 321 are measured at FVTPL. – A measurement alternative is available for equity securities without a readily determinable fair value.
Financial assets at amortized cost Financial assets measured at amortized cost include those where the (IFRS 9.4.1.2):	*Financial assets at amortized cost* Unlike IFRS, there is specific criteria for different assets and there is not a solely payments of principal and interest (SPPI) concept. The

IFRS	U.S. GAAP
• Objective of entity's business model is to hold assets to collect contractual cash flows, and • Contractual terms of the financial asset include cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The SPPI test determines whether the contractual cash flows of a financial asset represent solely payments of principal and interest.	following are examples of financial assets required to be held at amortized cost: • Loans and receivables that are not debt securities and therefore not in the scope of ASC 320, fall into the scope of ASC 310. Generally, these financial assets are accounted for as (a) held for investment or (b) held to maturity. More specifically, nonmortgage loans and trade receivables not held for sale, that management has the intent and ability to hold for the foreseeable future or until maturity or payoff, shall be reported in the balance sheet at their amortized cost bases (ASC 310-10-35-47 through 35-47A). Nonmortgage loans held for sale shall be reported at the lower of amortized cost basis or fair value (ASC 310-10-35-48). • Investments in debt securities classified as held to maturity shall be measured subsequently at amortized cost in the statement of financial position (ASC 320-10-35-1).
Financial assets at fair value through other comprehensive income Financial assets are measured at fair value through other comprehensive income if both of the following are met (IFRS 9.4.1.2A): • Objective of business model is both collecting contractual cash flows and selling financial assets; and • Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	*Financial assets at fair value through other comprehensive income* Unlike IFRS, only available-for-sale securities (including those classified as current assets) are subsequently measured at fair value with unrealized holding gains and losses reported in other comprehensive income until realized except as indicated in the following sentence. However, all or a portion of the unrealized holding gain and loss of an available-for-sale security that is designated as being hedged in a fair value hedge shall be recognized in earnings during the period of the hedge, pursuant to ASC 815-25-35-1 and 815-25-35-4 (ASC 320-10-35-1).
Financial assets at fair value through profit or loss	*Financial assets at fair value through profit or loss*

IFRS	U.S. GAAP
A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income (IFRS 9.4.1.4).	Similar to IFRS, financial assets not measured at amortized cost or at fair value through other comprehensive income fall into this bucket.
Option to designate a financial asset at fair value through profit or loss to eliminate or significantly reduce measurement or recognition inconsistency An entity may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases (IFRS 9.4.1.5).	*Option to designate a financial asset at fair value through profit or loss* No similar requirement under U.S GAAP for the fair value option to only be available if it eliminates or significantly reduces a measurement or recognition inconsistency. All entities may elect the fair value option for a recognized financial asset, with some exceptions (ASC 825-10-15-4 through 15-5). Like IFRS, the option is irrevocable. In addition, the fair value option can be elected for hybrid financial instruments that would require bifurcation of an embedded derivative absent the election of the fair value option on the hybrid instrument as a whole (ASC 815-15-25-4).
A business model whose objective is to hold assets in order to collect contractual cash flows Although the objective of an entity’s business model may be to hold financial assets in order to collect contractual cash flows, the entity need not hold all of those instruments until maturity. Thus an entity’s business model can be to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future. If more than an infrequent number of sales are made out of a portfolio, the entity needs to assess whether and how such sales are consistent with an objective of collecting contractual cash flows and thus classification at amortized cost (IFRS 9.B4.1.3).	*A business model whose objective is to hold assets in order to collect contractual cash flows* Unlike IFRS, investments in debt securities shall be classified as held-to-maturity only if the reporting entity has the positive intent and ability to hold those securities to maturity. A sale or transfer of a security classified as held-to-maturity that occurs for a reason other than those specified in paragraphs ASC 320-10-25-6, ASC 320-10-25-9, and ASC 320-10-25-14, calls into question (taints) the entity's intent about all securities that remain in the held-to-maturity category. The entity makes the assertion that it has the positive intent and ability to hold to maturity all debt securities in the held-to-maturity category. Only a sale or transfer in response to certain changes in conditions will not call into question an entity's intent to hold other debt securities to maturity in the future. When a sale or transfer of held-to-maturity securities represents a material contradiction with the

IFRS	U.S. GAAP
	entity's stated intent to hold those securities to maturity or when a pattern of such sales has occurred, any remaining held-to-maturity securities shall be reclassified to available-for-sale (ASC 320-10-35-7 through 35-9). The length of the taint period under U.S. GAAP is not defined, however in practice it is a two-year time frame.
Measurement on initial recognition	
General When a financial asset is recognized initially, an entity measures it at fair value plus, for a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. (Upon adoption of IFRS 15, trade receivables within the scope of IFRS 9.5.1.3 are excluded.) (IFRS 9.5.1.1). Upon adoption of IFRS 15, at initial recognition, measure trade receivables without a significant financing component at transaction price (IFRS 9.5.1.3).	*General* Unlike IFRS, for financial assets other than loans held for investment, the initial recognition of a financial asset is specified by other guidance applicable to the transaction in which the reporting entity obtained the financial asset (such as a business combination, the transfer of a financial asset, noncash consideration received in exchange for goods or services, etc.). Typically, the initial cost basis will approximate its fair value. For loans originated to be held for investment, certain fees received and costs incurred associated with lending activities are deferred as a net premium or discount against the cost basis of the loan (ASC 310-20). Similar to IFRS (ASC 310).
Investments in equity securities At initial recognition, an entity may make an irrevocable election to present in OCI, subsequent changes in the fair value of an investment in an equity instrument, not held for trading and not contingent consideration of an acquirer in a business combination under IFRS 3 (IFRS 9.5.7.5). All investments in equity instruments and contracts on those instruments are generally measured at fair value (IFRS 9.5.1.1).	*Investments in equity securities* No similar option under U.S. GAAP. Unlike IFRS, for equity securities without readily determinable fair values, an entity may elect to measure an equity security without a readily determinable fair value that does not qualify for the practical expedient to estimate fair value in accordance with paragraph 820-10-35-59 at its cost minus impairment, if any (ASC 321-10-35-2).

IFRS	U.S. GAAP
Subsequent measurement	
Amortized cost measurement The amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance (IFRS 9.A).	*Amortized cost measurement* Similar to IFRS, (ASC Master Glossary, “amortized cost”) the sum of the initial investment less cash collected less write-downs plus yield accreted to date. ASC 326 provides guidance on how an entity should measure expected credit losses on financial instruments measured at amortized cost. The allowance for credit losses is a valuation account that is deducted from, or added to, the amortized cost basis of the financial asset(s) to present the net amount expected to be collected on the financial asset. Unlike IFRS, the credit loss allowance is not part of amortized cost, with the exception that an entity shall record the allowance for credit losses for purchased financial assets with credit deterioration (ASC 326-20-30-13).
Interest revenue Interest revenue is calculated by using the effective interest method by applying the effective interest rate to the gross carrying amount of a financial asset except for (IFRS 9.5.4.1): • Purchased or originated credit-impaired financial assets where the credit-adjusted effective interest rate is applied to the amortized cost of the financial asset from initial recognition • Financial asset that are not purchased or originated credit-impaired financial asset but subsequently have become such – apply effective interest rate to amortized cost of financial asset in subsequent periods	*Interest revenue* Similar to IFRS, interest income is calculated using the effective interest method. However, unlike IFRS there is no distinction between the way you calculate interest for a credit impaired financial asset or a non-credit impaired financial asset.

IFRS	U.S. GAAP
Reclassification	
General Financial assets are only reclassified when an entity changes its business model for managing those financial assets (IFRS 9.4.4.1). Reclassifications are applied prospectively from the reclassification date (IFRS 9.5.6.1).	*General* Similar to IFRS, there is various guidance when reclassification is allowable. However, reclassifications are generally rare (ASC 310-10-35, ASC 320-10-35-11 through 35-12). Similar to IFRS.
Derecognition	
General IFRS 9 addresses derecognition specifically in relation to financial instruments. The derecognition of financial assets occurs at the consolidated level (IFRS 9.3.2.1).	*General* ASC 860-10-40 sets forth the derecognition criteria for financial assets.
Unit of account Before determining if a financial asset is to be derecognized, consideration is given to whether to apply the derecognition criteria to part of a financial asset (or part of a group of similar financial assets) or a financial asset (or group of similar financial assets), in its entirety based on the criteria in IFRS 9.3.2.3–.9 (IFRS 9.3.2.2).	*Unit of account* The derecognition rules apply to transferred financial assets which is any of the following: • An entire financial asset • A group of entire financial assets • A participating interest in an entire financial asset (ASC 860-10-40-4A and 40-4B)
Derecognition conditions Assets are derecognized when, and only when (IFRS 9.3.2.3):	*Derecognition conditions* Unlike IFRS, a transfer of a financial asset in which the transferor surrenders control over those financial assets is accounted for as a

IFRS	U.S. GAAP
• Contractual rights to the cash flows from the financial asset expire; or • It transfers the financial asset as indicated below and the transfer qualifies for derecognition under IFRS 9. An entity transfers a financial asset if and only if it either (IFRS 9.3.2.4): • Transfers the contractual rights to receive the cash flows of the financial asset; or • Retains contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the criteria below When the entity retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay those cash flows to one or more entities, the entity treats the transaction as a transfer of a financial asset, if and only if, all of the conditions in IFRS 9.3.2.5–.6 have been met. When an entity transfers financial assets, evaluate extent it retains risks and rewards of ownership of financial asset based on criteria in IFRS 9.3.2.6–.8. Whether an entity has retained control of the transferred assets depends on the transferee's ability to sell the asset. When the transferee can sell the asset, the transferor has not retained control of the transferred assets (IFRS 9.3.2.9). A transferee has the practical ability to sell the transferred asset: • If it is traded in an active market because the transferee can repurchase the transferred asset in the market if it needs to return the asset to the entity (IFRS 9.B3.2.7)	sale/derecognition if and only if all of the following conditions are met (ASC 860-10-40-4 through 40-5): • Transferred assets have been isolated from the transferor – put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership • Transferee has the right to pledge or exchange the assets (or beneficial interests) received, without any constraints • Transferor does not maintain effective control over the transferred asset A repurchase-to-maturity transaction is accounted for as a secured borrowing as if the transferor maintains effective control (ASC 860-10-40-5A). This is similar to how these transactions are accounted for under IFRS even though the emphasis under IFRS is on the transfer of the risks and rewards of ownership related to the financial asset and the emphasis under U.S. GAAP is control.

IFRS	U.S. GAAP
• If transferee can sell the transferred asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer (IFRS 9.B3.2.8)	
Non-cash collateral When the transferor provides non-cash collateral to the transferee, account for the collateral based on guidance in IFRS 9.3.2.23.	*Non-cash collateral* Similar to IFRS (ASC 860-30-25-5).
Transfers that qualify for derecognition	
Financial asset servicing contract When the entity retains the right to service the financial asset for a fee, recognize either a servicing asset or servicing liability for servicing contract (IFRS 9.3.2.10).	*Financial asset servicing contract* Similar to IFRS (ASC 860-50-25-1).
Difference between the carrying amount at the date of derecognition and the consideration received The difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained or liability assumed) is recognized in profit or loss (IFRS 9.3.2.12-.13).	*Difference between the carrying amount at the date of derecognition and the consideration received* Similar to IFRS (ASC 860-20-40).
Transfers that do not qualify for derecognition	
General	*General* Similar to IFRS (ASC 860-30-25-2).

IFRS	U.S. GAAP
If the transfer does not qualify for derecognition, continue to recognize the transferred assets in their entirety and recognize a financial liability for the consideration received (IFRS 9.3.2.15).	
Not offset against liability A financial asset that does not qualify for derecognition is not offset against the associated liability (IAS 32.42 and IFRS 9.3.2.22).	*Not offset against liability* Similar to IFRS (ASC 210-20-45).
Continuing involvement in transferred assets	
General When an entity neither transfers nor retains substantially all the risks and rewards of ownership of the transferred asset, recognize the transferred asset to extent of continuing involvement, which is the extent to which the entity is exposed to changes in the value of the transferred asset (IFRS 9.3.2.16). The transferred asset is measured at the basis that reflects the rights and obligations that the entity has retained (IFRS 9.3.2.17).	*General* The transferor and transferee account for a transfer as a secured borrowing with pledge of collateral in either of the following (ASC 860-30-25-2): • Transfer of entire financial asset, or group of entire financial assets, or a participating interest in entire financial asset does not meet condition for sale in ASC 860-10-40-5 • Transfer of a portion of an entire financial asset does not meet the definition of a participating interest The transferor continues to report the transferred financial asset in its statement of financial position with no change in the asset's measurement. A participating interest meets the criteria in ASC 860-10-40-6A, which includes a characteristic that all cash flows received from the entire financial asset are divided proportionately among the participating interest holders.
Continuing involvement	*Continuing involvement*

IFRS	U.S. GAAP
For assets recognized due to continuing involvement, also recognize the associated liability at the basis that reflects the rights and obligations that the entity has retained (IFRS 9.3.2.17).	See guidance above on accounting for secured borrowings.
Income on assets with continuing involvement Continue to recognize income on the transferred asset to extent of continuing involvement and recognize any expense related to the associated liability (IFRS 9.3.2.18).	*Income on assets with continuing involvement* See guidance above on accounting for secured borrowings.
Impairment	
General Apply impairment requirements in IFRS 9.5.5 to financial assets measured at amortized cost or fair value through other comprehensive income (IFRS 9.5.2.2). Although the scope for implying the impairment requirements are similar under IFRS to U.S. GAAP, there are some differences.	*General* ASC 326 provides guidance on how an entity should measure expected credit losses on financial instruments to (ASC 326-20-15-2): • Financial assets measured at amortized cost • Net investments in leases recognized by a lesser under ASC 842 • Off balance sheet credit exposures not accounted for as insurance (Off balance sheet loan commitments, standby letters of credit, financial guarantees not accounted for as insurance and other similar instruments except for instruments with ASC 815) There are differences between the IFRS 9 and ASC 326 impairment models. In particular, ASC 326 requires a lifetime expected credit loss measurement at each reporting date for all in-scope financial assets. Unlike IFRS, debt securities classified as available-for-sale securities, including loans classified as such, have a specific model applied to them (ASC 326-30-15-2).

IFRS	U.S. GAAP
General approach Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses, and changes in those expected credit losses (IFRS 9.5.5).	*General approach* Similar to IFRS, a loss-causing event does not have to have occurred prior to recognizing a credit loss. An entity's estimate of expected credit losses shall include a measure of the expected risk of credit loss even if that risk is remote, regardless of the method applied to estimate credit losses (ASC 326-20-30-10). Unlike IFRS, U.S. GAAP provides more flexibility in the methods used in the determination of credit losses. For example, an entity may use discounted cash flow methods, loss-rate methods, roll-rate methods, probability-of-default methods, or methods that utilize an aging schedule (ASC 326-20-30-3).
Lifetime and 12 month expected credit losses Under IFRS, when it comes to recognition of expected credit losses, there are lifetime and 12 month expected credit losses: • *Lifetime expected credit losses* -The expected credit losses that result from all possible default events over the expected life of a financial instrument (IFRS 9.A). • *12-month expected credit losses* - The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (IFRS 9.A). Subject to IFRS 9.5.5.13-.16, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (IFRS 9.5.5.5). If a credit risk increase occurs, then expected credit losses are recognized based on a lifetime expected credit loss.	*Lifetime and 12 month expected credit losses* U.S. GAAP always requires an estimate of lifetime expected credit losses.

IFRS	U.S. GAAP
Developing an estimate of expected credit losses Measure expected credit losses of a financial instrument to reflect (IFRS 9.5.5.17): • An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes • The time value of money • Reasonable and supportable information available without undue cost or effort about past events, current conditions, and forecasts of future economic conditions	*Developing an estimate of expected credit losses* Unlike IFRS, factoring in the time value of money is optional under U.S. GAAP. The current expected credit loss model under U.S. GAAP requires the collective evaluation of credit losses for financial instruments, which is allowed under IFRS 9. However, IFRS 9 requires that an evaluation of credit losses includes probability weighted outcomes to be considered More flexibility is available under U.S. GAAP. For financial assets noted above, except debt securities classified as available-for-sale: • The allowance for credit losses is a valuation account that is deducted from, or added to, the amortized cost basis of the financial asset to present the net amount expected to be collected on the financial asset. Expected recoveries of amounts previously written off and expected to be written off shall be included in the valuation account and shall not exceed the aggregate of amounts previously written off and expected to be written off by an entity (ASC 326-20-30-1) • Measure expected credit losses on a collective (pool) basis when similar risk characteristics exist otherwise evaluate expected credit losses on an individual basis, determined through various methods such as discounted cash flow, loss-rate, roll-rate, probability of default or methods that utilize an aging schedule (ASC 326-20-30-2 and 30-3). • When estimate of expected credit losses is based on a discounted cash flow method, discount the expected cash flows at the financial assets effective interest rate (ASC 326-20-30-4). If another method is used, allowance for credit losses reflects the entity’s expected credit losses of the amortized cost basis of the financial asset as of the reporting date over the contractual term

IFRS	U.S. GAAP
	of the financial asset (ASC 326-20-30-5 and 30-6). Under IFRS an entity is permitted to apply either the effective interest rate or an approximation of that rate when calculating expected credit losses. • Historical credit loss experience of financial assets with similar risk characteristics provides a basis for assessment, adjusted for current asset specific risk characteristics and extent management expects current conditions and reasonable and supportable forecasts to differ (ASC 326-20-30-8 and 30-9). Consider how credit enhancements mitigate expected credit losses, including consideration of financial condition of guarantor, willingness of guarantor to pay and whether any subordinated interests are expected to be capable of absorbing credit losses (ASC 326-20-30-12).
Expected credit loss estimate period The maximum period to consider when measuring expected credit losses is the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice (IFRS 9.5.5.19).	*Expected credit loss estimate period* Similar to IFRS, an entity shall estimate expected credit losses over the contractual term of the financial asset (ASC 326-20-30-6).
Funded and unfunded commitment expected credit loss period Under IFRS, for a financial asset that contains both a loan and an undrawn commitment, expected credit losses are measured over the period an entity is exposed to credit risk and expected credit losses are not mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period (IFRS 9.5.5.20).	*Funded and unfunded commitment expected credit loss period* Unlike IFRS, for off-balance sheet credit exposures, estimate expected credit losses in a similar manner, over the contractual period the entity is exposed to credit risk via a present contractual obligation to extend credit, unless obligation is unconditionally cancellable by the issuer (ASC 326-20-30-11).

IFRS	U.S. GAAP
Financial assets measured at fair value through other comprehensive income An entity shall apply the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position (IFRS 9.5.5.2).	*Debt securities classified as available-for-sale* IFRS 9 applies a single credit loss model to all financial assets while U.S. GAAP has a different approach for available-for-sale debt securities. For debt securities classified as available-for-sale, including loans classified as such (ASC 326-30-15-2): • Measure the allowance for credit losses for purchased financial assets with credit deterioration at the individual security level based on the guidance in ASC 326-30-30-3 through 30-10. The amortized cost is the purchase price and any allowance for credit losses. Estimated credit losses are discounted at the present value of the purchaser's estimate of the security's future cash flows with the purchase price of the asset. A holding gain or loss is included in OCI, net of tax (ASC 326-30-30-2 through 30-4) • Investment is impaired if the fair value is less than its amortized cost basis (ASC 326-30-35-1). • Determine if decline in fair value below amortized cost basis is the result of a credit loss or other factors. An entity shall record impairment relating to credit losses through an allowance for credit losses. However, the allowance shall be limited by the amount that the fair value is less than the amortized cost basis. Impairment that has not been recorded through an allowance for credit losses shall be recorded through other comprehensive income, net of applicable taxes (ASC 326-30-35-2). If an entity intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis, allowance is written off and amortized cost basis is written down to fair value at the reporting date with any incremental impairment reported in earnings (ASC 326-30-35-10). Subsequent recoveries in fair value are not recorded (ASC 326-30-35-14). For

IFRS	U.S. GAAP
	securities where impairment was written off, the difference between the new amortized cost basis and cash flows expected to be collected is accreted as interest income except for those securities accounting for under ASC 325-40. Significant increases in cash flows expected to be collected or if actual cash flows are significantly greater than cash flows previously expected, the changes are recorded as a prospective adjustment to yield. Subsequent increases in fair value after a write down are recorded in OCI (ASC 326-30-35-15). For loans transferred to held-for-sale, measure a valuation allowance equal to the amount by which the amortized cost basis, reduced by any previous write-offs but excluding the allowance for credit losses, exceeds the fair value (ASC 326-20-35-7).
Reassessment at each reporting period At each reporting period, measure the loss allowance for a financial instrument at the lifetime expected credit losses if credit risk has increased significantly since initial recognition (IFRS 9.5.5.3). The assessment is made on either an individual or collective basis, considering all reasonable and supportable information, including forward-looking information (IFRS 9.5.5.4). An entity shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized (IFRS 9.5.5.8). For financial instruments where the credit risk has not increased significantly since initial recognition, measure the loss allowance at an amount equal to the 12 month expected credit losses (IFRS 9.5.5.5). If the loss allowance is measured based on lifetime expected credit losses in the previous period, but in the current reporting period those	*Reassessment at each reporting period* Similar to IFRS, at each reporting date, record the allowance for credit losses on financial assets, including purchased financial asset with credit deterioration by comparing the current estimate of expected credit losses with estimate previously recorded. Report in net income amount necessary to adjust the allowance for credit losses. Evaluate whether a financial asset in a pool continues to exhibit similar risk characteristics with other financial assets in the pool. Adjust at each reporting period estimate of expected credit losses on off-balance sheet credit exposures and report in net income the amount of the adjustment (ASC 326-20-35-1 through 35-3). Unlike IFRS, U.S. GAAP recognizes the full amount of expected credit losses rather than the dual measurement of credit losses based on the level of credit deterioration under IFRS.

IFRS	U.S. GAAP
conditions are no longer met, measure the loss allowance at an amount equal to the 12 month expected credit losses (IFRS 9.5.5.7). Regardless of the way in which an entity assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due (IFRS 9.5.5.11).	
Purchased or originated credit-impaired financial assets For purchased or originated credit-impaired financial assets recognize the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance, with certain exceptions (IFRS 9.5.5.13).	*Purchased or originated credit-impaired financial assets* For purchased financial assets with credit deterioration (including purchased debt securities), add the allowance for credit losses at the date of acquisition to the purchase price to determine the initial amortized cost basis (ASC 326-20-30-13). Subsequent measurement of the allowance for credit losses is based on the guidance above (ASC 326-20-35-1).
Write-offs and recoveries An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event (IFRS 9.5.4.4).	*Write-offs and recoveries* Like IFRS, full or partial write-offs are deducted from the allowance and recorded in the period financial assets are deemed uncollectible. Recoveries of amounts previously written off are recorded when received (ASC 326-20-35-8). Unlike IFRS, a write-off of an asset is not necessarily a derecognition event and ASC 326-20-30-1 includes expected recoveries in the estimate of expected credit losses.
Collateral and other credit enhancements In measuring expected credit losses, estimate of expected cash shortfalls reflects cash flows expected from collateral and other credit enhancements that are part of the contractual terms and not recognized separately. The estimate of expected cash flows considers	*Collateral and other credit enhancements* Regardless of initial measurement method, measure expected credit losses based on the fair value of the collateral when foreclosure is probable. Consider any credit enhancements that meet the criteria in ASC 326-20-30-12. (ASC 326-20-35-4).

IFRS	U.S. GAAP
the probability of a foreclosure and the cash flows that would result from it (IFRS 9.B5.5.55).	An entity may use the fair value of collateral at the reporting date for recording net carrying amount of asset and determining the allowance for credit losses for financial asset for which repayment is expected to be substantially through operation or sale of collateral when the borrower is experiencing financial difficulty. Adjust the fair value of the collateral for estimated costs to sell unless repayment depends on the operation and not the sale of the collateral (ASC 326-20-35-5).
Significant increases in credit risk At each reporting period to measure significant increases in credit risk, compare the risk of default occurring on the financial instrument at the reporting date with risk of default occurring as of the date of initial recognition and consider reasonable and supportable information available without undue cost or effort (IFRS 9.5.5.9).	*Significant increases in credit risk* Unlike IFRS, U.S. GAAP only recognizes the full amount of expected credit losses rather than the dual measurement of credit losses based on the level of credit deterioration. As such, the assessment of significant increases in credit risk is not assessed at each reporting period.
Modification of financial assets If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset is not derecognized, assess whether there is a significant increase in the credit risk of the financial instrument (IFRS 9.5.5.12).	*Modification of financial assets* An entity does not extend the contractual term for expected extensions, renewals, and modifications unless the extension or renewal options (excluding those that are accounted for as derivatives in accordance with Topic 815) are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the entity (ASC 326-20-30-6).
Trade and lease receivables Measure loss allowance at amount equal to lifetime expected credit losses for (IFRS 9.5.5.15): • Trade receivables or contractual assets from transactions accounted for under IFRS 15, and that meet other criteria	*Trade and lease receivables* Unlike IFRS, there is no separate guidance for trade and lease receivables.

IFRS	U.S. GAAP
• Lease receivables from transactions accounted for under IAS 17 (or IFRS 16), under certain conditions	

7.2 Recognition and measurement of financial liabilities and equity

IFRS	U.S. GAAP
Relevant guidance: IFRS 9; IAS 32; IFRIC 17	**Relevant guidance:** ASC 210, 405, 470, 480, 505, 718, 815, 825, 835, and 845
Introduction	
Financial liabilities general Financial liabilities include (IAS 32.11): • Contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity • A contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. If an entity does not have an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation, the obligation meets the definition of a financial liability, except for those instruments	*Financial liabilities general* A financial liability is a contract that imposes on one entity an obligation to do either of the following: • Deliver cash or another financial instrument to a second entity • Exchange other financial instruments on potentially unfavorable terms with the second entity (ASC Master Glossary, "Financial liability"). Unlike IFRS, U.S. GAAP has more conditions on what financial instruments should be classified in equity vs as a liability. This can result in differences. ASC 480 requires issuers to classify as liabilities three classes of freestanding financial instruments that embody obligations for the issuer. • A mandatorily redeemable financial instrument shall be classified as a liability unless the redemption is required to occur only upon the liquidation or termination of the reporting entity, although

IFRS	U.S. GAAP
classified as equity instruments in accordance with other provisions in IAS 32 (IAS 32.19). With certain exceptions, a contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount (for example, for the present value of the forward repurchase price, option exercise price or other redemption amount). This is the case even if the contract itself is an equity instrument (IAS 32.23).	there is a nonpublic entity scope exception for certain redeemable instruments (ASC 480-10-25-4). • A financial instrument, other than an outstanding share, that embodies an obligation to repurchase the issuer's equity shares, or is indexed to such an obligation, and requires or may require the issuer to settle the obligation by transferring assets is classified as a liability (ASC 480-10-25-8). • A financial instrument that embodies an unconditional obligation, or a financial instrument other than an outstanding share that embodies a conditional obligation, that the issuer must or may settle by issuing a variable number of its equity shares is classified as a liability if, at inception, the monetary value of the obligation is based solely or predominantly on one of the following (ASC 480-10-25-14): – A fixed monetary amount – Variations in something other than the fair value of the issuer's equity – Variations inversely related to changes in the fair value of the issuer's equity shares
Equity general An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (IAS 32.11). To determine whether a financial instrument is an equity instrument rather than a financial liability, the instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met. (a) The instrument includes no contractual obligation:	*Equity general* Similar concept to IFRS. However, unlike IFRS, U.S. GAAP has more conditions on what financial instruments should be classified in equity vs. as a liability. Further, U.S. GAAP has a concept of temporary equity for public companies. The SEC believes that significant differences exist between a security with mandatory redemption requirements or whose redemption is outside the control of the issuer and

IFRS	U.S. GAAP
(i) To deliver cash or another financial asset to another entity; or (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer. (b) If the instrument will or may be settled in the issuer's own equity instruments, it is: (i) A non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or (ii) A derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. For this purpose, rights, options, or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options, or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments (IAS 32.16).	conventional equity capital. The SEC believes that it is necessary to highlight the future cash obligations attached to this type of security so as to distinguish it from permanent capital (ASC 480-10-S99).
Initial recognition, measurement, and classification	
Initial recognition Recognize a financial liability when and only when the entity becomes party to the contractual provisions of the instrument. When an entity first recognizes a financial liability, it shall classify it in accordance with IFRS 9.4.2.1 (classification criteria – see below) and 9.4.2.2 (fair value election – see below) and measure it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction	*Initial recognition* Similar to IFRS, most financial liabilities are measured initially at fair value (ASC 480-10-25). Liabilities and equity instruments are recorded initially at the fair value of the property, goods, services, or other consideration received or at the fair value of the financial instrument issued, whichever is more clearly determinable (ASC 835-30-25-10, ASC 505-50-30-6, and ASC 718-10-30-2 and 30-3).

IFRS	U.S. GAAP
costs that are directly attributable to the acquisition of the financial liability (IFRS 9.3.1.1 and 9.5.1.1).	Debt issuance costs are reported in the balance sheet as a direct deduction from the face amount of the note, consistent with IFRS. Amortization of discount or premium is reported as interest expense for liabilities or interest income for assets. Amortization of debt issuance costs is reported as interest expense (ASC 835-30-45-1A, 45-3 and S45-1). Public entities may continue to defer and present debt issuance costs as an asset and subsequently amortize those debt issuance costs ratably over the term of line-of-credit arrangements regardless of whether an amount is outstanding under the line-of-credit arrangement (ASC 835-30-S45-1).
Reclassifications An entity shall not reclassify any financial liability (IFRS 9.4.4.2).	*Reclassifications* Similar to IFRS.
Fair value election At initial recognition, an entity may irrevocably designate to measure a financial liability at fair value through profit or loss if the following criteria in IFRS 9 are met (IFRS 9.4.2.2): • If a contract contains one or more embedded derivatives and the host is not an asset within the scope IFRS 9, an entity may designate the entire hybrid contract as at fair value through profit or loss unless: – The embedded derivative(s) do(es) not significantly modify the cash flows that otherwise would be required by the contract; or – It is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortized cost.	*Fair value election* An entity may elect to measure eligible financial liabilities at fair value – fair value option (ASC 825-10-15-4). However, ASC 825-10-15-5 does provide a list of financial liabilities that are excluded from having the fair value option applied to them. Included within this listing are financial instruments that are, in whole or in part, classified by the issuer as a component of shareholders' equity (including temporary equity). The fair value option is a free choice and should be applied on an instrument by instrument basis, is irrevocable and shall be applied to a financial instrument in its entirety (ASC 825-10-25-2). If an entity has designated a financial liability under the fair value option, the entity shall measure the financial liability at fair value with qualifying changes in fair value recognized in net income. The entity shall present separately in other comprehensive income the portion

IFRS	U.S. GAAP
• If the designation results in more relevant information, because either: – It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "n accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases); or – A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel (as defined in IAS 24, *Related Party Disclosures*).	of the total change in the fair value of the liability that results from a change in the instrument-specific credit risk (ASC 825-10-45-5).
Transition of financial liabilities	
At the date of initial application of IFRS 9, an entity (IFRS 9.7.2.10): • May designate a financial liability at fair value through profit or loss in accordance with paragraph 4.2.2(a). IFRS 9.4.2.2(a), allows the fair value election if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. • Revokes its previous designation of a financial liability measured at fair value through profit or loss if the condition in paragraph 4.2.2(a) is no longer met. • May revoke its previous designation of a financial liability at fair value through profit or loss if such designation was made at initial recognition in accordance with the condition now in paragraph	No similar requirement.

IFRS	U.S. GAAP
4.2.2(a) and such designation satisfies that condition at the date of initial application. Such a designation and revocation shall be made on the basis of the facts and circumstances that exist at the date of initial application. That classification shall be applied retrospectively.	
Subsequent measurement of financial liabilities and equity	
General After initial recognition, an entity shall measure a financial liability in accordance with IFRS 9.4.2.1 (see below) and 9.4.2.2 (fair value election – see below) (IFRS 9.5.3.1). All financial liabilities are classified and measured subsequently at amortized cost using the effective interest method, except for (IFRS 9.4.2.1): • Financial liabilities measured or designated at fair value through profit or loss (e.g., it meets the definition of held for trading IFRS 9.A). • Financial liabilities from a transfer of a financial asset that does not quality for derecognition or there is continuing involvement • Financial guarantee contracts as defined in IFRS 9 • Commitments to provide a loan at below-market interest rate • Contingent consideration of an acquirer in a business combination to which IFRS 3 applies as it is subsequently measured at fair value with changes recognized in profit or loss. When a derivative financial instrument gives one party a choice over how it is settled (e.g., the issuer or the holder can choose settlement net	*General* Differences between IFRS and U.S. GAAP exist. Generally, if the liability is not measured at fair value through earnings, then it is measured at amortized cost. Under U.S GAAP the following liabilities are subsequently accounted for at fair value through earnings: • Derivatives classified as liabilities (see Section 7.3, “Recognition and measurement of derivatives”) • Financial liabilities that are hybrid financial instruments that would be required to be bifurcated into a host and derivative component (ASC 815-15-25-1) which the entity has irrevocably elected to measure at fair value (ASC 815-15-25-4) • Financial liabilities within the scope of ASC 480 that are not covered by the guidance in ASC 480-10-35-3 Unlike IFRS, forward contracts that require physical settlement by repurchase of a fixed number of the issuer’s equity shares in exchange for cash and mandatorily redeemable financial instruments are subsequently measured in one of the following two ways (ASC 480-10-35-3):

IFRS	U.S. GAAP
in cash or by exchanging shares for cash), it is a financial asset or a financial liability unless all of the settlement alternatives would result in it being an equity instrument (IAS 32.26).	• If both the amount to be paid and the settlement date are fixed, at the present value of the amount to be paid at settlement, accruing interest cost using the rate implicit at inception • If either the amount to be paid or the settlement date varies based on specified conditions, at the amount of cash that would be paid under the conditions specified in the contract if settlement occurred at the reporting date, recognizing the resulting change in that amount from the previous reporting date as interest cost Any amounts paid or to be paid to holders of those contracts in excess of the initial measurement amount are reflected in interest cost (ASC 480-10-45-3). All other liabilities are subsequently carried at amortized cost.
Redeemable shares Redeemable preference shares are generally accounted for as liabilities where they provide for mandatory redemption for a fixed or determinable amount or give the holder the right to require the issuer to redeem (IAS 32.18).	*Redeemable shares* A mandatorily redeemable financial instrument is classified as a liability unless the redemption is required to occur only upon the liquidation or termination of the reporting entity (ASC 480-10-25-4). U.S. GAAP has a concept of temporary equity for public companies. The SEC has a view that significant differences exist between a security with mandatory redemption requirements or whose redemption is outside the control of the issuer and conventional equity capital. The SEC believes that it is necessary to highlight the future cash obligations attached to this type of security so as to distinguish it from permanent capital (ASC 480-10-S99).
Fair value election	*Fair value election* Report unrealized gains and losses for items for which fair value option has been elected, in earnings (ASC 825-10-45-4). Similar to

IFRS	U.S. GAAP
Recognize the gain or loss on financial liability designated at fair value through profit or loss (IFRS 9.5.7.7) as follows: • Amount of change in fair value of financial liability attributable to changes in own credit risk of that liability in OCI (unless it creates an accounting mismatch and then include in profit or loss (IFRS 9.5.7.8) • The remaining amount of change in profit or loss If the accounting mismatch would be created or enlarged, present all changes in fair value, including the effects of changes in the credit risk of the liability in profit or loss. If the mismatch is not created or enlarged, present the effects of changes in the liability's credit risk in OCI (IFRS 9.B5.7.8).	IFRS, if an entity has designated a financial liability under the fair value option, the entity shall measure the financial liability at fair value with qualifying changes in fair value recognized in net income. The entity shall present separately in other comprehensive income the portion of the total change in the fair value of the liability that results from a change in the instrument-specific credit risk (ASC 825-10-45-5). The fair value election is not available for any instrument that is, in whole or in part, classified by the issuer as a component of shareholders' equity (including temporary equity). The fair value option is a free choice and should be applied on an instrument by instrument basis, is irrevocable and shall be applied to a financial instrument in its entirety (ASC 825-10-25-2).
Compound financial instruments The issuer of a non-derivative financial instrument shall evaluate the terms of the financial instrument to determine whether it contains both a liability and an equity component. Such components shall be classified separately as financial liabilities, financial assets or equity instruments. Split accounting is applied to compound instruments (such as convertible debt) that contain both a liability and an equity element. For convertible debt, the debt element is accounted for as a liability and the option to convert to equity is treated as an equity instrument (as long as option embedded is for a fixed number of shares) (IAS 32.28-.32).	*Compound financial instruments* Differences exist when accounting for compound instruments under IFRS and U.S. GAAP. Generally, convertible debt with a nondetachable conversion feature is accounted for completely as debt. However, when convertible debt is issued at a substantial premium, the premium is treated as paid-in capital (ASC 470-20-25-3 and 25-13). When the nondetachable conversion feature meets the definitions of a derivative (ASC 815-10-15-83 through 15-139) and does not qualify for any exceptions (ASC 815-10-15-13 through 15-82) the embedded conversion feature is treated as a derivative liability (asset) (see Section 7.3, "Recognition and measurement of derivatives").

IFRS	U.S. GAAP
Offsetting	
A financial asset is offset against a financial liability when and only when an entity (IAS 32.42): • Currently has a legally enforceable right to set off the recognized amounts; and • Intends either to settle on a net basis or realize the asset and settle the liability simultaneously.	Similar to IFRS, offsetting of financial assets and financial liabilities is permitted only when (ASC 210-20-45-1 and 45-8 through 45-9): • The parties owe each other determinable amounts • There is a right and intention to set-off • The right of set-off is enforceable by law
Effective interest method, cost of equity and distributions	
Effective interest method The effective interest rate is based on estimated cash flows through the expected life of the instrument (IFRS 9, Appendix A).	*Effective interest method* Similar to IFRS, however, the effective interest rate is typically based on contractual cash flows through the contractual life of the instrument (ASC Master Glossary, “Effective interest rate”).
Interest and dividend income Interest, dividends, gains, and losses relating to financial instruments or a component that is a financial liability are reported in profit or loss (IAS 32.35). Dividends are recognized in profit or loss only when (IFRS 9.5.7.1A): • The entity’s right to receive payment of the dividend is established; • It is probable that the economic benefits associated with the dividend will flow to the entity; and • The amount of the dividend can be measured reliably.	*Interest and dividend income* Similar to IFRS.

IFRS	U.S. GAAP
Cost of issuing or acquiring equity An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense (IAS 32.37).	*Cost of issuing or acquiring equity* Similar to IFRS (ASC 340-10-S99-1 and ASC 505-10-25-2).
Distributions Distributions to holders of a financial instrument classified as an equity instrument are recognized directly to equity net of any income tax benefit (IAS 32.35). For distributions of assets other than cash as dividends to owners, an entity measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed and recognizes in profit or loss any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable. The carrying amount of the dividend payable is adjusted at the end of each reporting period and at settlement and recognized as a change in equity (IFRIC 17.11 and.14).	*Distributions* Similar to IFRS, dividends and other distributions are recognized in equity. A distribution of nonmonetary assets to equity holders in a spin-off or other form of reorganization is based on the recorded amount of the nonmonetary assets distributed (ASC 845-10-30-10). A non-pro-rata split-off of a business segment is accounted for at fair value (ASC 845-10-30-12). Other non-reciprocal transfers of nonmonetary assets to owners is accounted for at fair value if fair value is objectively measurable and would be clearly realizable to the distributing entity in an outright sale at or near the time of the distribution (ASC 845-10-30-10).
Derecognition	
General	*General*

IFRS	U.S. GAAP
Financial liabilities (or part of a financial liability) are derecognized when the obligation is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires (IFRS 9.3.3.1).	Similar to IFRS, a debtor derecognizes a liability if and only if it has been extinguished. A liability has been extinguished if either of the following conditions is met (ASC 405-20-40-1): • The debtor pays the creditor and is relieved of its obligation for the liability. Paying the creditor includes delivery of cash, other financial assets, goods or services, or reacquisition by the debtor of its outstanding debt securities whether the securities are canceled or held as so-called treasury bonds. • The debtor is legally released from being the primary obligor under the liability, either judicially or by the creditor.
Exchange of a debt instrument Both an exchange of debt instruments between an existing borrower and lender of debt instruments with substantially different terms and the substantial modification of the terms of an existing liability, whether or not attributed to the financial difficulty of the debtor, are accounted for as an extinguishment of the original liability and the recognition of a new liability (IFRS 9.3.3.2).	*Exchange of a debt instrument* Similar to IFRS, excluding trouble debt restructurings, an exchange of debt instruments with substantially different terms is a debt extinguishment and shall be accounted for in accordance with paragraph 405-20-40-1. A debtor could achieve the same economic effect as an exchange of a debt instrument by making a substantial modification of terms of an existing debt instrument. Accordingly, a substantial modification of terms shall be accounted for like an extinguishment. Transactions involving the modification or exchange of debt instruments shall only result in gain or loss recognition by the debtor if the conditions for extinguishment of debt described in paragraph 405-20-40-1 are satisfied or if the guidance in this Subtopic requires that accounting. (ASC 470-50-40-6 through 40-8)
Extinguishment of a liability The difference between the carrying amount of the liability extinguished and the amount of consideration paid, including any non-cash assets	*Extinguishment of a liability* Similar to IFRS (ASC 470-50-40-2).

IFRS	U.S. GAAP
transferred or liabilities assumed is recognized in profit or loss (IFRS 9.3.3.3).	
Treasury shares	
Under IAS 32, treasury shares are presented in the statement of financial position as a deduction from equity. Acquisition of treasury shares is presented as a change in equity. No gain or loss is recognized in profit or loss on the sale, issuance, or cancellation of treasury shares. Consideration paid or received is presented as a change in equity (IAS 32.33).	Similar to IFRS (ASC 505-30-45-1). However, any price paid in excess of the amount accounted for as the cost of treasury shares are attributed to the other elements of the transaction and accounted for according to their substance (ASC 505-30-30-5 through 30-10).

7.3 Recognition and measurement of derivatives

IFRS	U.S. GAAP
Relevant guidance: IFRS 9	**Relevant guidance:** ASC 815
Characteristics of derivatives	
General A derivative instrument is a financial instrument or other contract with all of the following characteristics (IFRS 9.A): • Its value changes in response to changes in a specified underlying • Requires no initial net investment or an initial investment that is smaller than would be required for other types of contracts with similar responses to changes in market factors • Settled at a future date (not required under U.S. GAAP)	*General* Unlike IFRS, the concept of notional amount, payment provision or net settlement is not within the IFRS definition. A derivative instrument is a financial instrument or other contract with all of the following characteristics (ASC 815-10-15-83): • One or more underlyings and one or more notional amounts or payment provisions or both

IFRS	U.S. GAAP
	• Requires no initial net investment or an initial investment that is smaller than would be required for other types of contracts with similar responses to changes in market factors • The contract can be settled net (see below)
Net settlement or notional amounts Under IFRS 9 the characteristics of a derivative do not require net settlement or notional amounts. Given the added U.S. GAAP requirements not found in IFRS 9, certain financial instruments may meet the definition of a derivative under IFRS but not under U.S. GAAP.	*Net settlement or notional amounts* Unlike IFRS, under U.S. GAAP, one of the characteristics of a derivative is net settlement; specifically that (ASC 815-10-15-83): • Its terms implicitly or explicitly require or permit net settlement • It can readily be settled net by a means outside the contract, or • It provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement
Basic accounting requirements	
Derivative measurement A financial asset is measured at fair value unless measured at amortized cost or fair value through other comprehensive income. Permitted to make irrevocable election at initial recognition to measure certain equity instruments to present changes in fair value in other comprehensive income (IFRS 9.4.1.4). Derivatives are classified at fair value through profit or loss. One exception to measuring a financial liability at amortized cost is for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value (IFRS 9.4.2.1). See Section 7.1, "Recognition and measurement of financial assets," and Section 7.2, "Recognition and measurement of financial liabilities and equity," for more on	*Derivative measurement* Similar to IFRS, derivative instruments are classified as assets and liabilities at fair value, except those designated as hedging instruments (ASC 815-10-25-1). All derivative instruments shall be measured initially at fair value (ASC 815-10-30-1). All derivative instruments shall be measured subsequently at fair value (ASC 815-10-35-1).

IFRS	U.S. GAAP
accounting for financial assets and liabilities at fair value through profit or loss.	
Separable embedded derivative measurement If an entity is required by this standard to separate an embedded derivative from its host, but is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, it shall designate the entire hybrid contract as at fair value through profit or loss. If an entity is unable to measure reliably the fair value of an embedded derivative on the basis of its terms and conditions, the fair value of the embedded derivative is the difference between the fair value of the hybrid contract and the fair value of the host. If the entity is unable to measure the fair value of the embedded derivative using this method, IFRS 9.4.3.6 applies and the hybrid contract is designated as at fair value through profit or loss (IFRS 9.4.3.6 through 7)	*Separable embedded derivative measurement* Like IFRS (ASC 815-15-30-2 through 30-3). However, unlike IFRS, U.S. GAAP does not provide an option to back into the value of an embedded derivative, when it is unable to measure reliability the fair value of the embedded derivative, by taking the difference between the fair value of the hybrid contract and the fair value of the host.
Embedded derivatives	
Definition An embedded derivative is a hybrid contract that includes both a non-derivative host, with the effect that some of the cash flows of the combined instrument vary in a similar way to a stand-alone derivative (IFRS 9.4.3.1).	*Definition* Similar to IFRS (ASC 815-15-05-1 and ASC Master Glossary, “Embedded Derivative”).
Separating an embedded derivative If the hybrid contract includes a host contract that is not an asset within the scope of IFRS 9, separate the embedded derivative from the host contract and account for it as a derivative if (IFRS 9.4.3.3):	*Separating an embedded derivative* Like IFRS, an embedded derivative is separated from the host contract and accounted for as a derivative if all of the following met (ASC 815-15-25-1):

IFRS	U.S. GAAP
• The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host • A separate instrument with the same terms would meet the definition of a derivative • The hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss If a hybrid contract includes a host that is an asset within the scope of IFRS 9, the requirements for classification are applied to the entire contract (IFRS 9.4.3.2). If the embedded derivative is separated, the host contract is accounted for in accordance with other applicable IFRS (IFRS 9.4.3.4).	• The economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract • A separate instrument with the same terms as the embedded derivative is a derivative instrument • The hybrid instrument is not remeasured at fair value under GAAP with changes in fair value reported in earnings Although the criteria to separate an embedded derivative from a host contract if the economic characteristics and risk of the embedded derivative feature are not closely related to the economic characteristics and risk of the host contacts are similar under IFRS, IFRS does not include descriptive guidance on the appropriate method to apply in determining whether that criteria applies. Also, under IFRS 9, unlike U.S. GAAP, there is no requirement to separate embedded derivative features from financial assets.
Fair value election If a contract includes one or more embedded derivatives and the host is not an asset within the scope of IFRS 9, an entity may designate the entire hybrid contract at fair value through profit or loss, except under certain conditions (IFRS 9.4.3.5).	*Fair value option* Like IFRS, financial liabilities that are hybrid financial instruments that would be required to be bifurcated into a host and derivative component (ASC 815-15-25-1) that the entity has irrevocably elected to measure at fair value are accounted for at fair value through earnings (ASC 815-15-25-4).
Reassessment of separation An entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would	*Reassessment of separation* Unlike IFRS, the assessment is continual, unless specified in the standard.

IFRS	U.S. GAAP
be required under the contract, in which case reassessment is required (IFRS 9.B4.3.11).	

7.4 Hedge accounting

Note: When an entity first applies IFRS 9, an entity may make an accounting policy election to either continue to apply the guidance in IAS 39 or to apply the new guidance in IFRS 9 for all of its hedge accounting. Therefore, we have included the guidance in IAS 39 as compared to ASC 815 in Section 7.5, "Hedge accounting (IAS 39 and ASC 815)," for entities that have made the election to continue to apply this guidance.

IFRS	U.S. GAAP
Relevant guidance: IFRS 9	**Relevant guidance:** ASC 815
Objective	
To present in the financial statements the effect of an entity's risk management activities that use financial instruments to manage exposures from particular risks that could affect profit or loss (or OCI for investments in equity instruments under the fair value option) (IFRS 9.6.1.1).	Special accounting for items designated as being hedged is provided only for qualifying items (ASC 815-20-10-1).
Scope	
Optional application Hedge accounting is purely optional but is only available to entities that have applied all of the requirements (IFRS 9.6.1.2).	*Optional application* Similar to IFRS (ASC 815-20).
Fair value hedge	*Fair value hedge*

IFRS	U.S. GAAP
Entities may continue to apply the guidance in IAS 39 for a fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities. If they do so, they would also apply the requirements for fair value hedge accounting for a portfolio hedge of interest rate risk and designate as the hedged item a portion that is a currency amount (IFRS 9.6.1.3).	Not applicable, all entities using U.S. GAAP apply ASC 815.
Hedging relationships	
Three types of hedge relationships exist (IFRS 9.6.5.2): • Fair value hedge – a hedge of exposure to changes in fair value of a recognized asset or liability or unrecognized firm commitment (including portions thereof), attributable to particular risk and could affect profit or loss • Cash flow hedge – a hedge of exposure to variability in cash flows attributable to a particular risk associated with all, or a component, of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss • Hedge of a net investment in a foreign operation	Similar to IFRS, ASC 815 provides general guidance applicable to all three types of hedging relationships: fair value hedges, cash flow hedges, and hedges of a net investment in a foreign operation (ASC 815-20-05-2).
Hedging instruments	
Instruments eligible Instruments, entered into with a party external to the reporting entity, eligible for hedging include (IFRS 9.6.2.1 –.3): • Derivative measured at fair value through profit or loss, except for written options, which may only be designated as an offset to a purchased option	*Instruments eligible* Similar to IFRS, except that: • Written options may be designated as hedging instruments for purposes other than offsetting a purchased option • Non-derivative financial instruments may only be designated as hedges of the change in fair value attributable to foreign currency

IFRS	U.S. GAAP
• Non-derivative financial assets or financial liabilities measured at fair value through profit or loss except for financial liabilities measured at fair value and for which changes in fair value attributable to changes in credit risk are presented in other comprehensive income • Foreign currency risk component of a non-derivative financial liability provided that it is not an investment in an equity instrument for which the entity has elected to present changes in fair value in other comprehensive income	exchange rates of an unrecognized firm commitment or the net investment in a foreign operation (ASC 815-20-25-45 through 25-71).
Entire or partial instruments being hedged Instruments are designated for hedging in their entirety, with certain exceptions (IFRS 9.6.2.4).	*Entire or partial instruments being hedged* Similar to IFRS, a proportion of a derivative instrument is eligible for hedging (ASC 815-20-25-45).
Hedged items	
Hedged items must be reliably measurable, and include: • Recognized assets or liabilities, an unrecognized firm commitment, a highly probable forecast transaction, or net investment in a foreign operation and can be a single item or group of items or component of an item or group of items (IFRS 9.6.3.1 and 3.3) • An aggregated exposure that is a combination of an exposure that could qualify as a hedged item and a derivative (IFRS 9.6.3.4) • Only assets, liabilities, firm commitments, or highly probable forecast transactions with a party external to the reporting entity, except in individual or separate financial statements of entities in the same group or the consolidated financial statements of an investment entity (IFRS 9.6.3.5)	See ASC 815-20-25-4 through 25-44 for guidance on the eligibility of hedged items under U.S. GAAP, as differences exist between IFRS and U.S. GAAP.

IFRS	U.S. GAAP
Qualifying criteria	
General A hedging relationship qualifies for hedge accounting only if all of the following are met (IFRS 9.6.4.1): • Hedging relationship includes only eligible hedging instruments and hedged items • At inception of hedging relationship there is formal designation and documentation of the hedging relationship and entity's risk management objective and strategy • All hedge effectiveness requirements are met – There is an economic relationship between the hedged item and the hedging instrument – The effect of credit risk does not dominate the changes in fair value resulting from that economic relationship – The hedge ratio is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item. An entity's assessment of effectiveness relates to its expectations and is therefore only forward looking (IFRS 9.B6.4.12).	*General* Similar to IFRS (ASC 815-20-25), although there are some differences. Unlike IFRS, to qualify for hedge accounting a hedge must be determined to be highly effective both prospectively and retrospectively (ASC 815-20-25-79). Unlike IFRS, there are certain methods including a *shortcut method* and a *critical terms match method* are permitted under which an entity is allowed to assume perfect effectiveness in a hedging relationship if certain conditions are met (ASC 815-20-25-84 and ASC 815-20-25-102 through 25-117).
Rebalance hedge effectiveness Rebalance hedge relationship when it no longer meets hedge effectiveness requirements relating to hedge ratio, provided the risk management objective is unchanged. To rebalance, an entity shall	*Rebalance hedge effectiveness testing* Unlike IFRS, there is no requirement to rebalance the hedge. Testing of hedge effectiveness is performed at least quarterly and thus the assessment is not based on when financial statements are issued. If

IFRS	U.S. GAAP
adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again (IFRS 9.6.5.5).	the hedge fails the effectiveness test at any time, the hedge ceases to qualify for hedge accounting (ASC 815-20-35-2).
Discontinuing hedge accounting Discontinue hedge accounting prospectively when hedging relationship no longer meets qualifying criteria, after rebalancing, including situations where the hedging instrument expires or is sold, terminated, or exercised. The following are not considered an expiration or termination of a hedging instrument (IFRS 9.6.5.6). • The rollover or replacement of a hedging instrument into another hedging instrument if it is part of and consistent with the entity's documented risk management objective • The replacement of one counterparty with a "clearing counterparty" as a result of laws or regulations • Other changes that are necessary to effect a replacement of counterparty, limited to those that are consistent with terms that would be expected if the hedging instrument were originally cleared with the clearing counterparty	*Discontinuing hedge accounting* If the hedge fails the effectiveness test at any time the hedge ceases to qualify for hedge accounting (ASC 815-20-35-2). Similar to IFRS, however under U.S. GAAP, a hedging relationship may continue after any novation of the hedging instrument, provided that all other hedge accounting criteria continue to be met. Unlike IFRS, an entity may voluntarily de-designate a hedge.
Measurement	
Fair value hedge If a fair value hedge meets the qualifying criteria in IFRS 9.6.4.1, then account for the gain or loss recognized on the hedging instrument in profit or loss or OCI if hedging instrument hedges an equity instrument and entity elects to present changes in fair value in OCI. The gain or loss on the hedged item adjusts the carrying amount of the hedged item and is recognized in profit or loss or in OCI if the hedged item is an equity instrument and entity has made certain elections (IFRS 9.6.5.8).	*Fair value hedge* Similar to IFRS, except that designation of an investment in equity securities as the hedged item in a fair value hedge is prohibited (ASC 815-25-35-1 through 35-4).

IFRS	U.S. GAAP
Cash flow hedge If a cash flow hedge meets the qualifying criteria in IFRS 9.6.4.1, then the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income. Any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognized in profit or loss. The amount that has been accumulated in the cash flow hedge reserve shall be accounted for as follows: • If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the entity removes that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability. This is not a reclassification adjustment and hence it does not affect other comprehensive income. • For other cash flow hedges, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. • However, if that amount is a loss and an entity expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment (IFRS 9.6.5.11).	*Cash flow hedge* Unlike IFRS, non-derivative instruments are not in scope of cashflow hedges (ASC 815-20-25-71). Unlike IFRS, when the relationship between the hedged item and hedging instrument is highly effective at achieving offsetting changes in cash flows attributable to the hedged risk, an entity shall record in other comprehensive income the entire change in the fair value of the designated hedging instrument that is included in the assessment of hedge effectiveness (ASC 815-30-35-3). Similar to IFRS, however if the hedged transaction results in the acquisition of an asset or the incurrence of a liability, the gains and losses in accumulated other comprehensive income that are included in the assessment of effectiveness shall be reclassified into earnings in the same period or periods during which the asset acquired or liability incurred affects earnings for a cash flow hedge (ASC 815-30-35-38 through 35-41).

IFRS	U.S. GAAP
Hedges of net investments in a foreign operation Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges (IFRS 9.6.5.13).	*Hedges of net investments in a foreign operation* Similar to IFRS for a hedge of a net investment in a foreign operation, the accounting for the hedging instrument is consistent with the accounting for translation adjustments. Unlike IFRS, the entity shall record in other comprehensive income the entire change in the fair value of the designated hedging instrument that is included in the assessment of hedge effectiveness (ASC 815-35-35-1).
Hedges of group of items	
A group of items (including a group of items that constitute a net position) is an eligible hedged item only if: • it consists of items (including components of items) that are, individually, eligible hedged items; • the items in the group are managed together on a group basis for risk management purposes; and • in the case of a cash flow hedge of a group of items whose variabilities in cash flows are not expected to be approximately proportional to the overall variability in cash flows of the group so that offsetting risk positions arise: – it is a hedge of foreign currency risk; and – the designation of that net position specifies the reporting period in which the forecast transactions are expected to affect profit or loss, as well as their nature and volume.	Differences to IFRS exist, the criteria for hedging groups of similar financial assets and similar financial liabilities are found in ASC 815-20-25.

7.5 Hedge accounting (IAS 39 and ASC 815)

Note: When an entity first applies IFRS 9, an entity may make an accounting policy election to either continue to apply the guidance in IAS 39 or to apply the new guidance in IFRS 9 for all of its hedge accounting. Therefore, we have included the guidance in IAS 39 as compared to ASC 815 in Section 7.5 for entities that have made the election to continue to apply IAS 39 related to hedge accounting. The guidance on hedge accounting from IFRS 9 is included in Section 7.4.

IFRS	U.S. GAAP
Relevant guidance: IAS 39	**Relevant guidance:** ASC 815
General IAS 39 sets out requirements on hedge accounting. Hedge accounting is purely optional but is only available to entities that have applied all of the requirements (IAS 39.71-.102).	*General* Similar to IFRS (ASC 815-20).
Types of hedge Three types of hedge relationships exist (IAS 39.86): • Fair value hedge – a hedge of exposure to changes in fair value of a recognized asset or liability or unrecognized firm commitment (including portions thereof) • Cash flow hedge – a hedge of exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction, that could affect profit or loss • Hedge of a net investment in a foreign operation	*Types of hedge* Similar to IFRS, ASC 815 provides general guidance applicable to all three types of hedging relationships: fair value hedges, cash flow hedges, and hedges of a net investment in a foreign operation (ASC 815-20-05-2).
Hedge accounting conditions	*Hedge accounting conditions*

IFRS	U.S. GAAP
IAS 39 hedge accounting is applied only if extensive conditions are met. These include the following requirements (IAS 39.88): • Formal designation and documentation, which must be in place at the inception of the hedge, setting out the hedging relationship and the enterprise's risk management strategy • The hedge itself is expected to be highly effective • For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss • The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured • The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated	Similar to IFRS (ASC 815-20-25). Unlike IFRS, U.S. GAAP permits certain methods including a shortcut method and a critical terms match method under which an entity is allowed to assume perfect effectiveness in a hedging relationship if certain conditions are met (ASC 815-20-25-84 and ASC 815-20-25-102 through 25-117). Unlike IFRS, an entity may qualitatively assess hedge effectiveness if both of the following criteria are met: • An initial quantitative test performed on a prospective basis demonstrates a highly effective offset; and • at hedge inception, the entity can reasonably support an expectation of high effectiveness in subsequent periods on a qualitative basis. The types of items that qualify as hedging instruments vary under IFRS and U.S. GAAP and thus certain items that may qualify as such under IFRS may not under U.S. GAAP or may qualify under U.S. GAAP but not under IFRS. See ASC 815-20-25-4 through 25-44 for guidance on the eligibility of hedged items under U.S. GAAP, differences exist between IFRS and U.S. GAAP.
Fair value hedge when the conditions for hedge accounting are met For a fair value hedge, the hedged item is remeasured based on the hedged risk with any gain or loss included in profit or loss (to offset the effect on profit or loss of the hedging instrument's change in fair value being carried in profit or loss). The hedge instrument is similarly remeasured (IAS 39.89-.94).	*Fair value hedge when the conditions for hedge accounting are met* • Similar to IFRS for a fair value hedge (ASC 815-25-35-1 through 35-7)

IFRS	U.S. GAAP
Cash flow hedge when the conditions for hedge accounting are met For a cash flow hedge, the portion of the gain or loss on the hedging instrument that is an effective hedge is recognized in OCI and the ineffective portion is normally recognized in profit or loss. The gain or loss in OCI is then recycled to profit or loss when the hedged item is recognized in profit or loss (IAS 39.95-.101).	*Cash flow hedge when the conditions for hedge accounting are met* Unlike IFRS, when the relationship between the hedged item and hedging instrument is highly effective at achieving offsetting changes in cash flows attributable to the hedged risk, an entity shall record in other comprehensive income the entire change in the fair value of the designated hedging instrument that is included in the assessment of hedge effectiveness (ASC 815-30-35-3).
Hedge of a net investment in foreign operations when the conditions for hedge accounting are met For a hedge of a net investment in a foreign operation, the accounting is similar to that for cash flow hedges (IAS 39.102)	*Hedge of a net investment in foreign operations when the conditions for hedge accounting are met* Similar to IFRS, for a hedge of a net investment in a foreign operation, the accounting for the hedging instrument is consistent with the accounting for translation adjustments. Unlike IFRS, the entity shall record in other comprehensive income the entire change in the fair value of the designated hedging instrument that is included in the assessment of hedge effectiveness (ASC 815-35-35-1).
Testing of hedge effectiveness Testing of hedge effectiveness is performed throughout the financial reporting periods for which the hedge was designated (IAS 39.88(e)). At a minimum this means at the time the entity prepares it annual or interim financial statements (IAS 39.AG106).	*Testing of hedge effectiveness* Testing of hedge effectiveness is performed at least quarterly and thus the assessment is not based on when financial statements are issued (ASC 815-20-35-2).
Perfect hedge effectiveness Assumption of perfect hedge effectiveness not permitted even if the principal terms of the hedging instrument and the hedged item are the same as hedge ineffectiveness may arise because of other attributes	*Perfect hedge effectiveness* If critical terms of the hedging instrument and the entire hedged asset or liability or hedged forecasted transaction are the same, the entity could conclude that changes in fair value or cash flows attributable to the risk being hedged are expected to completely offset at inception

IFRS	U.S. GAAP
such as liquidity of the instruments or their credit risk (IAS 39.AG109 and F.4.7)	and on an ongoing basis (critical terms match) (ASC 815-20-25-84 and 35-9).
Discontinue hedge accounting An entity discontinues hedge accounting prospectively when certain conditions are met. Also, there is not an expiration or termination of a hedging instrument if as a result of laws or regulations, the original counterparty is replaced (IAS 39.91 and .101).	*Discontinue hedge accounting* If the hedge fails the effectiveness test at any time the hedge ceases to qualify for hedge accounting (ASC 815-20-35-2). Similar to IFRS, however under U.S. GAAP, a hedging relationship may continue after any novation of the hedging instrument, provided that all other hedge accounting criteria (including ASC 815-20-35-14 through 35-18) continue to be met. Assess hedge effectiveness on a qualitative or quantitative basis (ASC 815-20-35-2).

8. Group accounts, associates, equity method investees, and joint ventures

8.1 Basic requirements for group accounts

IFRS	U.S. GAAP
Relevant guidance: IAS 27; IFRS 10 and 12	**Relevant guidance:** ASC 480, 810, and 946; SEC Regulation S-X, Rule 5-04
Introduction	
The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements for an entity that controls one or more entities (IFRS 10.1). To meet this objective, IFRS 10 (IFRS 10.2): • Requires a parent that controls one or more subsidiaries to present consolidated financial statements • Defines the principle of control and establishes control as the basis for consolidation • Explains how the control principle is applied to identify whether an investor controls an investee • Specifies the accounting requirements for the preparation of consolidated financial statements	The purpose of consolidated financial statements is to present the results of operations and the financial position of a parent and all of its subsidiaries as if the consolidated group were a single economic entity. There is a presumption that consolidated financial statements are more meaningful than separate financial statements and that they are usually necessary for a fair presentation when one of the entities in the consolidated group directly or indirectly has a controlling financial interest in the other entities (ASC 810-10-10-1). A parent consolidates all entities in which it has a controlling financial interest. For legal entities other than limited partnerships, the usual condition for a controlling financial interest is ownership of a majority voting interest, and, therefore, as a general rule ownership by one reporting entity, directly or indirectly, of more than 50 percent of the outstanding voting shares of another entity is a condition pointing toward consolidation. The power to control may also exist with a lesser percentage of ownership, for example, by contract, lease,

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>Defines an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity</td><td>agreement with other stockholders, or by court decree. (ASC 810-10-15-8).</td></tr>
<tr><td colspan="2">Scope – Consolidation exceptions</td></tr>
<tr><td>An entity that is a parent presents consolidated financial statements, except as follows (IFRS 10.4):
A parent is not required to present consolidated financial statements if it meets all of the following:
It is a wholly-owned subsidiary or is a partially owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about and do not object to the parent not presenting consolidated financial statements
Its debt or equity is not traded in a public market
It did not file, nor is it in the process of filing, its financial statements with a regulatory body for the purpose of issuing any class of instruments in a public market
Its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with IFRS
Post-employment benefit plans or other long-term employee benefit plans to which IAS 19 applies (IFRS 10.4A)
An investment entity that is required to measure all of its subsidiaries at fair value through profit or loss in accordance with IFRS 9 (IFRS 10.4B).</td><td>There is no exception for preparing consolidated financial statements when either a parent controls a subsidiary, or a reporting entity is the primary beneficiary of a variable interest entity. However, U.S. GAAP provides limited exemptions from consolidation, for example, but not limited to, certain employee benefit plan, governmental organizations and registered money market funds (ASC 810-10-15-12).</td></tr>
</table>

IFRS	U.S. GAAP
Consolidation model	
General IFRS 10 uses a single control model that is applied irrespective of the nature of the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (IFRS 10.5 and .6). An investor controls an investee only if the investor has all of the following elements of control (IFRS 10.7): • Power over the investee • Exposure, or rights, to variable returns from its involvement with the investee • Ability to use its power over the investee to affect the amount of the investor's returns	*General* Similar to U.S. GAAP consolidation is based on control. However, unlike IFRS, U.S. GAAP provides two consolidation models: one for variable interest entities (VIEs) and another for other entities, referred to as voting interest entities. A reporting entity that holds a direct or indirect (explicit or implicit) variable interest in a legal entity determines whether the guidance in the "Variable Interest Entities" subsections of ASC 810-10 applies to that legal entity before considering other consolidation guidance. If an entity is not a variable interest entity, the voting interest consolidation model would generally apply under U.S. GAAP. Both models focus on a controlling financial interest as opposed to the concept of control under IFRS (ASC 810-10-15-10 and 15-14).
Power through voting rights or other rights An investor must have *power* over the investee. An investor has power over an investee if the investor has existing rights that give it the current ability to direct the activities that significantly affect the investee's returns (IFRS 10.10). Power arises from rights. Sometimes assessing power is straightforward, such as when power over an investee is obtained directly and solely from the voting rights granted by equity instruments such as shares and can be assessed by considering the voting rights from those shareholdings. In other cases, the assessment will be more complex and require more than one factor to be considered, for	*Power through voting rights or other rights* Similar to IFRS, U.S. GAAP acknowledges power to control a legal entity may not just come from voting rights. Application of the voting interest model to certain entities may not identify the party with a controlling financial interest because the controlling financial interest may not just be achieved through voting interests or kick-out rights (ASC 810-10-05-8). The entity may be a variable interest entity (VIE) and U.S. GAAP, unlike IFRS, applies a separate VIE consolidation model to these entities.

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>example when power results from one or more contractual arrangements (IFRS 10.11).</td><td></td></tr>
<tr><td>Decision maker and relevant activities

To have power over an investee, an investor must have existing rights that give the investor the current ability to direct the relevant activities. The rights that may give an investor power can differ between investees (IFRS 10.B14).

Examples of rights that, either individually or in combination, can give an investor power include (IFRS 10.B15):

• Voting or potential voting rights
• Rights to appoint, reassign, or remove key management personnel of the investee who have the ability to direct its relevant activities
• Rights to appoint or remove another entity that directs the investee’s relevant activities
• Rights to direct the investee to enter into, or veto changes to, transactions for the benefit of the investor
• Other rights that give the holder the ability to direct the investee’s relevant activities, such as decision-making rights specified in a management contract</td><td>Decision maker and significant activities

Similar to IFRS, under the VIE model, a decision maker is an entity or entities with the power to direct the activities of another legal entity that most significantly impact the legal entity’s economic performance (ASC 810-10-20). Under the voting interest model voting rights and kick-out rights determine who has a controlling financial interest.</td></tr>
<tr><td>Substantive rights

For the purpose of assessing power, only substantive rights are taken into account (IFRS 10.B22-.B25). To be a substantive right, the holder must have the practical ability to exercise that right.</td><td>Substantive rights

Similar to IFRS, for instance kick-out rights must be substantive (ASC 810-10-15-14).</td></tr>
</table>

IFRS	U.S. GAAP
Protective rights Rights that are purely protective do not contribute to power under IFRS 10. Protective rights are designed to protect the interests of their holder, but do not give that party power over the investee (IFRS 10.B26-.B28).	*Protective rights* Similar to IFRS (ASC 810-10-20).
Variable interest entity model There is no separate variable interest entity model under IFRS, however under IFRS when an investor controls an investee in more complex cases (i.e., not simply through voting rights), it may be necessary to consider some or all of the other factors in IFRS 10.B3 (IFRS 10.B7). Consideration of the following factors may assist in making the consolidation assessment determination (IFRS 10.B3): • The purpose and design of the investee • What the relevant activities are and how decisions about those activities are made • Whether the rights of the investor give it the current ability to direct the relevant activities • Whether the investor is exposed, or has rights, to variable returns from its involvement with the investee; and • Whether the investor has the ability to use its power over the investee to affect the amount of the investor's returns.	*Variable interest entity model* Unlike IFRS, U.S. GAAP has a separate VIE model. The VIE consolidation model is designed to capture who has control of an entity in more complex entity structures, however differences from IFRS could arise. Under ASC 810-10, "Variable Interest Entities" subsections, a legal entity is a variable interest entity if any of following conditions exists (ASC 810-10-15-14): • The total equity investment at risk is not sufficient to allow it to finance its activities without additional subordinated financial support • The legal entity's total equity investment at risk does not provide its holders, as a group, with all of the following characteristics: – The power through voting or similar rights to direct the activities that most significantly impact the legal entity's economic performance – The obligation to absorb the expected losses of the legal entity – The right to receive expected residual returns of the legal entity • Voting rights of some equity investors are not proportional to their obligation to absorb expected losses and/or their right to receive expected residual returns and substantially all the

IFRS	U.S. GAAP
	activities of the legal entity involve, or are conducted on behalf of, a single investor with disproportionately few voting rights Limited partnerships that are not VIEs apply the guidance in ASC 810-10. A reporting entity that holds a variable interest in a VIE assesses whether it has a controlling financial interest and therefore is the VIE's primary beneficiary. A variable interest is a contractual, ownership, or other pecuniary interest that will absorb portions of a VIE's expected losses or receive portions of the VIE's expected residual returns. Variable interests in a VIE change with changes in the fair value of the VIE's net assets exclusive of variable interests. (ASC 810-10-05, "Variable Interests," and ASC 810-10-55-16 through 55-41 and ASC Master Glossary, "Variable interests"). A reporting entity is deemed to have a controlling financial interest, and thus is the VIE's primary beneficiary, if it has both of the following characteristics (ASC 810-10-25-38A): • The power to direct the activities of the VIE that most significantly affect the VIE's economic performance • The obligation to absorb losses, or the right to receive benefits that could potentially be significant to the VIE The primary beneficiary of a VIE consolidates the VIE. Regardless of whether a reporting entity consolidates a VIE, a reporting entity with a variable interest in a VIE provides disclosures about its involvement with the VIE (ASC 810-10-50-4). The recognition and measurement provisions in ASC 810-10 do not apply to an investment company, real estate funds for which it is

IFRS	U.S. GAAP
	industry practice to follow guidance in ASC 946, and entities with attributes like an investment company (ASC 810-10-65-2).
Voting interest model There is no separate voting model under IFRS, however when an investee's purpose and design are considered, it may be clear that an investee is controlled by means of equity instruments that give the holder proportionate voting rights, such as ordinary shares in the investee. In this case, in the absence of any additional arrangements that alter decision making, the assessment of control focuses on which party, if any, is able to exercise voting rights sufficient to determine the investee's operating and financing policies (IFRS 10.B6).	*Voting interest model* A similar concept to IFRS, if an entity is not VIE, then under the voting interest model, for legal entities other than a limited partnership, a controlling financial interest is ownership of a majority voting interest – ownership by one entity, directly or indirectly, of more than 50 percent of the outstanding voting shares of another entity (ASC 810-10-15-8). For limited partnerships, the usual condition for a controlling financial interest is ownership of a majority of the limited partnership's kick-out rights through voting interests (ASC 810-10-15-8A). The power to control may also exist with less than 50 percent ownership, for example, by contract or agreement with other stockholders (ASC 810-10-15-8).
Potential voting rights When assessing control, an investor considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has power. Potential voting rights are rights to obtain voting rights of an investee, such as those arising from convertible instruments or options, including forward contracts. Those potential voting rights are considered only if the rights are substantive (IFRS 10.B47).	*Potential voting rights* Unlike IFRS, generally the voting interest model does not require consideration of potential voting rights.
Power without a majority of voting rights In the most straightforward cases control arises when an investor owns over 50 percent of the voting rights of an investee (IFRS 10.B35). However, if the voting rights are not substantive (in accordance with IFRS 10.B22-.B25) and the investor does not have the current ability to	*Power without a majority of voting rights* The concept under IFRS is similar to U.S. GAAP, however in a situation where an entity is controlled without a majority of voting rights the entity should be analyzed to see if it is a VIE. If the entity is a VIE it would be assessed under the VIE model to see if the

IFRS	U.S. GAAP
direct the relevant activities, holding a majority of the voting rights would not provide an investor with power over the investee. This could occur, for example, if legal or regulatory requirements prevent the holder from exercising its rights (IFRS 10.B36 and .B37). On the other hand, an entity may still have power over an investee with less than half of its voting rights. For example, an investor can have power over an investee through (IFRS 10.B38-.B50): • *A contractual arrangement between the investor and other vote holders:* A contractual agreement may, for example, enable an investor to direct enough other vote holders on how to vote to enable the investor to make decisions about the relevant activities. • *Rights arising from other contractual arrangements:* Other decision-making rights, in combination with voting rights, can give an investor the current ability to direct the relevant activities of an entity. • *Voting rights:* The investor's voting rights might be sufficient to enable it to direct the relevant activities of the investee, even though the investor has less than 50 percent of the votes (for example, if the direction of relevant activities is determined by a majority vote where an investor with less than 50 percent of the vote holds significantly more voting rights than any other single or organized group of vote holders, and the other shareholdings are widely dispersed). • *Potential voting rights:* Potential voting rights are considered only if they are substantive (see IFRS 10.B22-.B25). For a right to be substantive, it must give the holder the current ability to direct the relevant activities of an investee when necessary, and the holder must have the practical ability to exercise that right. Judgment is applied in making this determination. An investor with potential voting rights may have power over an investee, even if those potential voting rights are not currently exercisable, if, for example,	reporting entity has power to direct the activities of the legal entity that most significantly impact the entity's economic performance (one of the primary beneficiary criteria) according to the provisions of the VIE model (ASC 810-10-20). However, if the entity is not a VIE and power is being assessed under the voting interest model, similar to IFRS, there can be certain circumstances where there is a controlling financial interest without majority voting interests (e.g., control of the board of directors or certain contractual relationships with other shareholders).

IFRS	U.S. GAAP
they will become exercisable before decisions must be made regarding relevant activities. • A combination of the above Generally, when an investee has a range of operating and financing activities that significantly affect the investee's returns and when substantive decision-making with respect to these activities is required continuously, it will be voting or similar rights that give an investor power, either individually or in combination with other arrangements (IFRS10.B16).	
Power without voting or similar rights An investee may be designed so that voting or similar rights are not the dominant factor in deciding who controls the investee. For example, in some entities, voting rights relate to administrative tasks and relevant activities are directed by contractual arrangement. IFRS 12 refers to such entities as structured entities, and requires disclosures about the nature of risks for interests in unconsolidated structured entities. Factors to be considered to assess control include (IFRS 10.B51-.B54): • Investor's involvement in the purpose and design of the investee • Contractual arrangements between the investor and investee • Relevant activities may include activities that arise only in particular circumstances • Implicit and explicit commitments to support the investee	*Power without voting or similar rights* A similar concept to IFRS, but under U.S. GAAP, if an entity's equity holders at risk, as a group, do not have the power through voting or similar rights to direct the activities that most significantly impact an entity's economic performance it is a VIE (ASC 810-10-15-14). Consolidation would be assessed through the VIE model. As noted above, under the VIE model the primary beneficiary consolidates a VIE. One of the requirements of a controlling financial interest in a VIE is to have the power to direct the activities of a VIE that most significantly impact the VIE's economic performance (ASC 810-10-05-8A).
Exposure, or rights, to variable returns from its involvement with the investee	*Obligation to absorb losses, or the right to receive benefits that could potentially be significant to the VIE*

IFRS	U.S. GAAP
An investor must have exposure, or rights, to variable returns from its involvement with the investee to control it. Variable returns vary as a result of the performance of the investee and can be positive, negative, or both (IFRS 10.B55-.B57). An investor must assess whether returns from an investee are variable based on the substance of the arrangement and regardless of the legal form of the returns. For example, an investor's return on a bond with a fixed interest rate may be a variable return because it is subject to default risk and to the credit risk of the issuer of the bond (IFRS 10.B56).	Similar concept to IFRS, under U.S. GAAP, for a reporting entity to have a controlling financial interest and thus be a VIE's primary beneficiary, one of the requirements is for the reporting entity to have the obligation to absorb losses, or the right to receive benefits that could potentially be significant to the VIE (ASC 810-10-25-38A).
Ability to use its power over the investee to affect the amount of the investor's returns An investor must have the ability to use its power over the investee to affect the amount of its returns. For an investor to control an investee, it must not only meet the first two conditions—that is, have power over the investee and exposure or rights to variable returns from the investee—but must also have the ability to use its power to affect the returns from its involvement with that investee (IFRS 10.17).	*Ability to use its power over the entity to affect the amount of the reporting entities returns* Although under U.S. GAAP there is no explicit criteria to link power to investor returns, it is implied under U.S. GAAP. For a reporting entity to have a controlling financial interest, and thus be VIE's primary beneficiary, one of the requirements is for the reporting entity to have the power to direct the activities of a VIE that most significantly impact the VIE's economic (ASC 810-10-25-38A).
Principal versus agent When an investor with decision-making rights (a decision maker) assesses whether it controls an investee, it determines whether it is a principal or an agent. An agent does not control an investee when the agent exercises decision-making rights delegated to it, and therefore does not consolidate the investee (IFRS 10.17 and .18). An investor also determines whether another entity is acting as an agent for the investor, in which case, the decision-making rights delegated to its agent are treated as if they were held by the investor directly (IFRS 10.B58 and .B59).	*Principal versus agent* Under the voting interest model, there is no explicit concept of principal versus agent in the consolidation guidance. The variable interest entity model provides guidance on assessing whether an arrangement for fees paid to a decision maker indicates that the decision maker is acting as a pure fiduciary. Unlike IFRS, U.S. GAAP has guidance that fees paid to a legal entity's decision maker(s) or service provider(s) are not variable

<table>
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<tr><td>A decision maker considers the overall relationship between itself, the investee being managed, and other parties involved with the investee in determining whether it is an agent, in particular all the factors below (different weighting is applied to each factor on the basis of particular facts and circumstances) (IFRS 10.B60):

• The scope of its decision-making authority over the investee
• Rights held by other parties
• The remuneration to which it is entitled in accordance with the remuneration agreement
• Its exposure to variability of returns from other interests that it holds in the investee

Determining whether a decision maker is acting as a principal or as an agent requires judgment. However, a decision maker is an agent if a single party holds substantive rights to remove the decision maker without cause (IFRS 10.B61).</td><td>interests if all of the following conditions are met (ASC 810-10-55-37):

• The fees are compensation for services provided and are commensurate with the level of effort required to provide those services.
• The decision maker or service provider does not hold other interests in the VIE that individually, or in the aggregate, would absorb more than an insignificant amount of the VIE’s expected losses or receive more than an insignificant amount of the VIE’s expected residual returns.
• The service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm's length.

Substantive removal (kick-out) or participating rights are not considered unless they can be exercised by a single party, including related parties and de facto agents (ASC 810-10-25-38C).</td></tr>
<tr><td>Relationships with other parties

An investor is required to consider the nature of its relationship with other parties and to determine whether those other parties are acting on the investor’s behalf (de facto agents) when assessing control. Examples of de facto agents include (IFRS 10.B73-.B75):

• Related parties of the investor
• A party that received its interest in the investee as a contribution or loan from the investor
• A party that has agreed not to sell, transfer, or encumber its interests in the investee without the approval of the investor</td><td>Relationships with other parties

A similar concept to IFRS, that related parties are evaluated in determining if a reporting entity has a controlling financial interest in an entity. There are specific steps outlined in ASC 810-10-25-42 through 25-44B) to consider the effect of related parties. Under the VIE model, if no single party individually has a controlling financial interest, related parties are considered.

If there is no single decision (i.e., power over significant activities is shared) the reporting entity considers if it and its related parties, as a group, have the characteristics of a primary beneficiary. If the related party group have the characteristics of a primary beneficiary, then a</td></tr>
</table>

IFRS	U.S. GAAP
• A party that is unable to finance its operations without subordinated financial support from the investor • An investee in which a majority of its governing board members or key management personnel are the same as the investor • A party with a close business relationship with the investee When assessing control of an investee, an investor considers together with its own, its de facto agent's decision-making rights and indirect exposure or rights to variable returns (IFRS 10.B74).	related party tie-breaker test is performed and the most closely associated party consolidates the entity. If there is a single decision maker includes all direct variable interests in the entity and indirect interests in the entity held through related parties, on a proportionate basis are considered (ASC 810-10-25-42). If the primary beneficiary characteristics are not met after this, then the legal entity has to consider related party groups, related parties under common control and if substantially all of the VIE's activities involve or are conducted on behalf of a single variable interest holder that is a related party of the decision maker. Similar to IFRS, the term related parties include those parties identified in ASC 850 and certain other parties that are acting as de facto agents or de facto principals of the variable interest holder (ASC 810-10-25-43 and 25-44).
Control of specified assets	
Control is generally assessed at the investee level. IFRS 10 contains guidance on specific circumstances when it is appropriate to consolidate only a portion of an investee as a separate entity (often referred to as a *silo*). Generally, this guidance applies only when all assets, liabilities, and equity of the silo are ring-fenced from the overall investee. The decision to consolidate the silo is then determined by identifying the activities that significantly affect its returns, and evaluating how those activities are directed, in order to assess whether the investor has power over the silo (IFRS 10.B76-.B79).	A reporting entity with a variable interest in specified assets of a VIE treats a portion of the VIE as a separate VIE if the specified assets are essentially the only source of payment for specified liabilities or specified other interests (a silo) provided the legal entity has been determined to be a VIE (ASC 810-10-25-58).

IFRS	U.S. GAAP
Continuous assessment	

IFRS	U.S. GAAP
An investor is required to reassess whether it controls an investee if the facts and circumstances indicate that there are changes to one or more of the elements of control or in the overall relationship between a principal and an agent (IFRS 10.B80-.B85).	Under the variable interest model, a reporting entity involved with a VIE continually reassess whether it is the primary beneficiary of that entity, but a reporting entity reconsiders whether a legal entity is a VIE only when specified events occur (ASC 810-10-35-4). Typically, a voting interest entity would reassess whether it controls an investee when facts or circumstances change.
Investment entities	
An *investment entity* is an entity that meets all of the following criteria (IFRS 10.27-.30): • It obtains funds from one or more investors for the purpose of providing those investors with investment management services • It commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both • It measures and evaluates the performance of substantially all of its investments on a fair value basis An investment entity is not required to consolidate its subsidiaries, other than a subsidiary that is not itself an investment entity and whose main purpose is to provide services relating to the entity's investment activities. Instead, an investment entity is required to measure such entities at fair value through profit or loss under the guidance in IFRS 9 (IFRS 10.31-.32). The exemption from the consolidation requirements in IFRS 10 is not available to a noninvestment entity that is the parent of an investment entity. Therefore, the noninvestment entity parent is required to	An *investment company* is (ASC 946-10-15-4 through 15-9): • An entity regulated under the Investment Company Act of 1940 • An entity that is not regulated under the Investment Company Act of 1940 that has the following characteristics (based on the purpose and design of the entity): – It both obtains funds from one or more investors and provides investors with investment management services and commits to its investors that its business purpose and only substantive activities are investing funds solely for returns from capital appreciation, investment income or both – The entity or its affiliates do not obtain or have the objective of obtaining returns or benefits from an investee or its affiliates that are not normally attributable to ownership interests or that are other than capital appreciation or investment income – An entity that has the typical characteristics of an investment company as noted in ASC 946-10-15-7 The IFRS definition of an investment company is not based on whether the entity qualifies as an investment company under local

IFRS	U.S. GAAP
consolidate all entities it controls, including those it holds through subsidiaries that qualify as investment entities (IFRS 10.33).	regulations. Also, under U.S. GAAP, a noninvestment company parent is required to retain the specialized accounting in ASC 946 for an investment company subsidiary in consolidation. IFRS does not allow a noninvestment entity parent to retain the exception from consolidation for all entities it controls, including those it holds through subsidiaries that qualify as investment entities. Like IFRS, ASC 946-810-45-2 provides that consolidation by an investment company of an investee that is not an investment company is not appropriate. Rather, those controlling financial interests held by an investment company shall be measured at fair value. Similar to IFRS, an exception occurs if the investment company has an investment in an operating entity that provides services to the investment company. If an investment company holds a controlling financial interest in such an operating entity, the investment company should consolidate that investee (ASC 946-810-45-3).
Accounting requirements	
Consolidation procedures The financial statements of the parent and its subsidiaries are combined by adding together like items of assets, liabilities, equity, income, and expenses using uniform accounting policies for similar transactions and other events in similar circumstances (IFRS 10.21 and IFRS 10.B86(a) and .B87). The carrying amount of the parent's investment in each subsidiary and its portion of equity of each subsidiary are eliminated. Intragroup balances, transactions, income, and expenses are also eliminated in full (IFRS 10.B86(b) and (c)).	*Consolidation procedures* Similar to IFRS, the financial statements of the parent and its subsidiaries are combined by adding together like items of assets, liabilities, equity, income and expense. Uniform accounting policies are generally used for similar transactions and other events in similar circumstances. However, in certain limited situations specialized industry accounting principles that are appropriate at a subsidiary level are retained in consolidation (ASC 810-10-25-15). Similar to IFRS, intercompany investments, balances, and transactions are eliminated (ASC 810-10-45-1).

IFRS	U.S. GAAP
Reporting date of subsidiaries Parent and subsidiary financial statements used for consolidation are as of the same reporting date. If the reporting period of the parent is different from a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date of the parent unless impracticable (IFRS 10.B92). If impracticable, the parent consolidates the financial information of the subsidiary using the most recent financial statements of the subsidiary adjusted for the effects of significant transactions or events that occur between the date of a subsidiary's financial statements and the date of the consolidated financial statements. In any case, the difference between reporting dates is not more than three months (IFRS 10.B93).	*Reporting date of subsidiaries* A parent and a subsidiary may have different fiscal periods. It ordinarily is feasible for the subsidiary to prepare, for consolidation purposes, financial statements for a period that corresponds with or closely approaches the fiscal period of the parent. However, as long as the difference is not more than about three months, it is acceptable to use the subsidiary's financial statements for its fiscal year. If this is done, recognition is given by disclosure or otherwise to the effect of intervening events that materially affect the financial position or results of operations (ASC 810-10-45-12).
Noncontrolling interests	
Noncontrolling interests are presented in the consolidated statement of financial position within equity apart from the parent's equity. Profit and loss and each component of OCI are attributed to the parent and the noncontrolling interests even if the noncontrolling interests have a deficit balance (IFRS 10.22 and .B94 and .B95).	Similar to IFRS (ASC 810-10-45-15 through 45-21). For views of the SEC staff on classification and measurement of redeemable securities, refer also to ASC 480-10-S99.
Change in ownership interest – no loss of control	
Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (IFRS 10.23).	U.S. GAAP includes guidance similar to IFRS for events resulting in changes in a parent's ownership interest in a subsidiary that do not result in a loss of control. However, U.S. GAAP specifies that the guidance for a decrease in the parent's ownership interest without loss of control applies to a subsidiary that is not a business or nonprofit activity only if the substance of the transaction is not

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td></td><td>directly addressed in other U.S. GAAP (ASC 810-10-45-21A through 45-24).

The decrease in ownership provisions in ASC 810-10 do not apply if the transaction resulting in an entity’s decreased ownership interest is either the conveyance of oil and gas mineral rights or a transfer of a good or service in a contract with a customer (ASC 810-10-45-21A).

If the subsidiary in which a parent’s interest changes but control is not lost has accumulated other comprehensive income (AOCI), the carrying amount of that AOCI is adjusted to reflect the change in the ownership interest in the subsidiary through a corresponding adjustment to the parent’s equity (ASC 810-10-45-24).</td></tr>
<tr><td colspan="2">Changes in ownership interest – loss of control</td></tr>
<tr><td>If a parent loses control of a subsidiary, it (IFRS 10.B98):
• Derecognizes (at carrying amount at date control lost)
– The assets (including goodwill) and liabilities of the former subsidiary
– Any noncontrolling interests in the former subsidiary
• Recognizes
– The fair value of consideration received
– A distribution of shares of the subsidiary to owners in their capacity as owners, if the transaction, event. or circumstance that resulted in the loss of control resulted in such a distribution</td><td>U.S. GAAP includes guidance similar to IFRS for events resulting in loss of control. However, U.S. GAAP specifies that the guidance for the loss of control applies to a subsidiary that is not a business or nonprofit activity only if the substance of the transaction is not directly addressed in other U.S. GAAP (ASC 810-10-40-3A through 40-5).

The decrease in ownership provisions in ASC 810-10 do not apply if the transaction resulting in an entity’s decreased ownership interest is either the conveyance of oil and gas mineral rights or a transfer of a good or service in a contract with a customer in the scope of ASC 606 (ASC 810-10-40-3A).

Unlike IFRS, if the subsidiary or group of assets being deconsolidated or derecognized is a foreign entity (or represents the complete or substantially complete liquidation of the foreign entity in which it resides), the amount of accumulated OCI that is reclassified</td></tr>
</table>

IFRS	U.S. GAAP
– Any retained interest in the former subsidiary at fair value at date control lost • Reclassify to profit or loss, or transfer directly to retained earnings if required by other IFRS, the amounts identified in IFRS 10.B99 • Recognize any resulting difference as gain or loss in profit or loss	and included in the calculation of gain or loss includes any foreign currency translation adjustment related to that foreign entity. Guidance on derecognizing foreign currency translation adjustments recorded in accumulated OCI is in ASC 830-30-40 (ASC 810-10-40-4A). Unlike U.S. GAAP, IAS 21 does not provide guidance on the reclassification of the cumulative amount of exchange differences either for the loss of a controlling financial interest in a group of assets (that is not a subsidiary) or for sales or transfers within a foreign entity.
Separate parent financial statements	
Separate financial statements are not required; however, an entity may elect to present them or they may be required by local regulations (IAS 27.2 and .3). Separate financial statements are prepared in accordance with all applicable IFRS, except for investments in subsidiaries, joint ventures, and associates, which are accounted for at cost, in accordance with IFRS 9, or using the equity method in IAS 28 (IAS 27.9 and .10).	If parent-company financial statements are needed in addition to consolidated financial statements, consolidating statements in which one column is used for the parent and other columns for particular subsidiaries or groups of subsidiaries are an effective way of presenting the pertinent information (ASC 810-10-45-11). Public companies that meet certain requirements must provide condensed financial information of the registrant in a separate schedule (SEC Regulation S-X, Rule 5-04).

8.2 Joint arrangements

IFRS	U.S. GAAP
Relevant guidance: IFRS 3 and 11; IAS 28	**Relevant guidance:** ASC 323, 808, and 810
Introduction	
General A *joint arrangement* is an arrangement in which two or more parties have joint control. A joint arrangement has the following characteristics (IFRS 11.4 and .5): • The parties are bound by a contractual arrangement • The contractual arrangement gives two or more of those parties joint control of the arrangement A joint arrangement is either a (IFRS 11.6 and .15-.16): • Joint operation • Joint venture	*General* Unlike IFRS, there is no definition for a joint arrangement. However there are similar concepts.
Joint operation A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators (IFRS 11.15).	*Collaborative arrangements* Unlike IFRS, there is no concept of a joint operation. U.S. GAAP does have a concept of collaborative arrangements, but the definition does not require joint control. A collaborative arrangement is defined in the ASC Master Glossary as a contractual arrangement that involves a joint operating activity. These arrangements involve two (or more) parties that meet both of the following requirements: • They are active participants in the activity

IFRS	U.S. GAAP
	• They are exposed to significant risks and rewards dependent on the commercial success of the activity A collaborative arrangement in the scope of ASC 808-10 is not primarily conducted through a separate legal entity. The part of an arrangement conducted in a legal entity is accounted for under ASC 810-10, ASC 323-10, or other related accounting literature (ASC 808-10-15-4).
Joint venture A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers (IFRS 11.16).	*Joint venture* Under U.S. GAAP a joint venture is conducted through a legal entity, a corporate (joint) venture is a corporation (entity) owned and operated by a small group of businesses (joint venturers) as a separate and specific business or project for the mutual benefit of the members of the group. The purpose usually is to share risks and rewards in developing a new market, product or technology; to combine complementary technological knowledge; or to pool resources in developing production or other facilities. It also usually provides an arrangement under which each joint venturer may participate, directly or indirectly, in the overall management of the joint venture (ASC Master Glossary, "Corporate Joint Venture" and "Joint Venture"). An investor first determines whether the joint venture is a VIE. If it is a VIE, then the ASC 810-10, "Variable Interest Entities," subsections are applied. Once it has been established that a joint venture should not be consolidated under ASC 810, an investment in a joint venture is generally accounted for under the equity method of accounting (ASC 323).
Type of joint arrangement	*Type of joint arrangement*

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>An entity that is party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for such based on the type of joint arrangement (IFRS 11.2).

The classification of joint arrangements requires the parties to assess their rights and obligations arising from the arrangement. When making that assessment, an entity shall consider the following (IFRS 11.B15):

• The structure of the joint arrangement

• When the joint arrangement is structured through a separate vehicle:

(i) The legal form of the separate vehicle

(ii) The terms of the contractual arrangement

(iii) When relevant, other facts and circumstances

The guidance for accounting for interests in arrangements outside the scope of IFRS 11 is likely found in IFRS 10, IAS 28, or IFRS 9 (IFRS 11.B11).</td><td>Unlike IFRS, a joint arrangement is not defined under U.S. GAAP. As such, there is no specific guidance on determining if a joint arrangement is a joint operation or joint venture.</td></tr>
<tr><td colspan="2">Joint control</td></tr>
<tr><td>Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control (IFRS 11.7).

An entity that is party to an arrangement first assesses whether the contractual arrangement gives all the parties or a group of the parties, control of the arrangement collectively. This occurs when the parties must act together to direct the activities that significantly affect the returns of the arrangement (relevant activities). Control is defined in</td><td>Under U.S. GAAP the definition of joint control applies only to real estate ventures and occurs if decisions regarding the financing, development, sale or operations require the approval of two or more of the owners (ASC Master Glossary, “Joint control”).</td></tr>
</table>

IFRS	U.S. GAAP
IFRS 10 (IFRS 11.8 and .B5). See Section 8.1, "Basic requirements for group accounts," for the definition of control. If all the parties or a group of parties control the arrangement collectively, joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that control the arrangement collectively (IFRS 11.9 and B6).	
Contractual arrangement	
Contractual arrangements are typically in writing and usually in the form of a contract or documented discussions between the parties (IFRS 11.B2). When the joint arrangement is structured through a separate vehicle, the contractual arrangement, or some parts of it may be incorporated in the articles, charter, or by-laws of that vehicle (IFRS 11.B3). The contractual arrangement sets out how the parties participate in the activity that is the subject of the arrangement and typically defines (IFRS 11.B4): • The purpose, activity, and duration of the joint arrangement • How members of the board or equivalent body are appointed • The decision-making process • The capital or other contributions required of the parties • How the parties share assets, liabilities, revenues, expenses or profit or loss	Unlike IFRS, the term contractual relationships is not a defined term under U.S. GAAP.

IFRS	U.S. GAAP
Joint operations / collaborative arrangement	
A joint arrangement not structured through a separate vehicle is a joint operation (IFRS 11.B16). A joint operator recognizes in relation to its interest in a joint operation (including in its separate financial statements) (IFRS 11.20 and .26): • Its assets, including its share of any assets held jointly • Its liabilities, including its share of any liabilities incurred jointly • Its revenue from the sale of its share of the output arising from the joint operation • Its share of the revenue from the sale of output by the joint operation, and • Its expenses, including its share of any expenses incurred jointly A joint operator accounts for the assets, liabilities, revenues, and expenses related to its interest in a joint operation based on the applicable IFRS (IFRS 11.21). For the acquisition of an interest in a joint operation where the activity of the joint operation meets the definition of a business in IFRS 3, an entity applies to the extent of its share in accordance with IFRS 11.20, the guidance on business combinations in IFRS 3, to the extent it does not conflict with the guidance in IFRS 11. This guidance applies to the acquisition of an initial interest and additional interests in a joint operation that constitutes a business (IFRS 11.21A). However, this does not apply to the formation of a joint operation if all of the parties that participate in the joint operation only contribute assets or groups of assets that do not constitute businesses to the joint operation on its formation (IFRS 11.B33B).	Unlike IFRS, if an entity is in a collaborative arrangement within the scope of ASC 808-10, the entity reports costs incurred and revenue generated as follows: • Transactions with third parties – a participant in a collaborative arrangement reports the costs incurred and revenues generated on sales to third parties at gross or net amounts, depending on whether the participant is the principal or the agent in the transaction, pursuant to ASC 606-10-55-36 through 55-40. Accordingly, the participant deemed to be the principal for a particular transaction reports that transaction on a gross basis in its income statement. The equity method of accounting is not applied to the activities of collaborative arrangements (ASC 808-10-45-1 through 45-2). • Payments between participants – the income statement presentation of payments between participants pursuant to a collaborative agreement is determined as follows (ASC 808-10-45-3 through 45-4): – If the payments are within the scope of other authoritative accounting literature on income statement presentation, the participant applies the relevant provisions of that literature – If the payments are not within the scope of other authoritative accounting literature, the participant bases its income statement classification by analogy to authoritative literature – If the payments are not within the scope of other authoritative accounting literature and there is no appropriate analogy, the participant bases its income statement

IFRS	U.S. GAAP
	presentation of the payment on a reasonable, rational, and consistently applied accounting policy
Transition from equity method to accounting for assets and liabilities	
At the beginning of the immediately preceding period, derecognize investment previously recognized and other items in net investment (see IAS 28.38) and recognize share of assets and liabilities in joint operation, including any goodwill (IFRS 11.C7).	Section 8.3, "Equity method," discusses the equity method of accounting.
Joint venture	
General A joint venturer recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method (IAS 28) unless the entity is exempt from applying the equity method as specified in IAS 28 (IFRS 11.24). A party that participates in, but does not have joint control of, a joint venture shall account for its interest in the arrangement in accordance with IFRS 9, *Financial Instruments*, unless it has significant influence over the joint venture, in which case it shall account for it in accordance with IAS 28 (IFRS 11.25). After initial recognition, an investment in a joint venture is accounted under the equity method in IAS 28 (IFRS 11.C6).	*General* An investor first determines whether the joint venture is a VIE. If it is a VIE, then ASC 810-10, "Variable Interest Entities" subsections are applied. If the joint venture is not a VIE, the investor applies: • The equity method except in the limited situations when proportionate consolidation is permitted or the fair value option is elected in accordance with the requirements of ASC 825-10, when it is applicable. Under the equity method, an investor measures an investment in the common stock of an investee initially at cost in accordance with ASC 805-50-30 (ASC 323-10-30-2). Section 8.3, "Equity method," discusses the equity method of accounting. • Proportionate consolidation is only appropriate for unincorporated entities in either the construction or extractive industries (ASC 810-10-45-14).
Joint venture in separate financial statements	*Joint venture in parent company financial statements*

IFRS	U.S. GAAP
In its separate financial statements, a joint venturer accounts for its interest in accordance with IAS 27.10 (IFRS 11.26).	Unlike IFRS, U.S. GAAP defines parent company financial statements (ASC 810-10-45-11), however there are no prescribed presentation requirements for preparing parent company financial statements.
Transition from proportionate consolidation to equity method	
To account for the change in accounting for a joint venture under proportionate consolidation to the equity method, an entity recognizes its investment as at the beginning of the immediately preceding period, measured as the aggregate of the carrying amounts of the assets and liabilities the entity had previously proportionately consolidated, including any goodwill (IFRS 11.C2). The amount of the investment recorded is the deemed cost. An entity then applies paragraphs 40-43 of IAS 28 to assess that amount for impairment. Any impairment loss is reflected in retained earnings at the beginning of the immediately preceding period (IFRS 11.C3). If aggregation of the consolidated assets and liabilities previously proportionately consolidated produces a negative amount, a liability is recognized if the entity has a legal or constructive obligation, otherwise retained earnings is adjusted at the beginning of the immediately preceding period (IFRS 11.C4).	No similar requirement as the use of proportionate consolidation is still permitted for unincorporated entities in either the construction or extractive industries (ASC 810-10-45-14).
Contributions by venturers	
The gain or loss from the contribution of non-monetary assets that do not constitute a business, as defined in IFRS 3 to a joint venture (or an associate) in exchange for an equity interest is accounted for in accordance with IAS 28.28, unless the contribution lacks commercial substance as defined in IAS 16 (IAS 28.30).	Generally, a venturer that contributes nonmonetary assets to a jointly controlled entity in exchange for an equity interest records its investment in the jointly controlled entity at cost and therefore no gain is recognized. However, in certain situations a gain may be recognized for a portion of the appreciated assets transferred to the jointly controlled entity if the other venturer(s) contribute cash for

IFRS	U.S. GAAP
If the contribution lacks commercial substance, the gain or loss is regarded as unrealized and is not recognized unless IAS 28.31 also applies. The unrealized gains or losses are eliminated against the investment accounted for using the equity method and is not presented as deferred gains or losses in an entity's financial statements (IAS 28.30). Section 8.3, "Equity method," discusses the equity method of accounting.	their interest in the jointly controlled entity. Section 8.3, "Equity method," discusses the equity method of accounting.

8.3 Equity method

IFRS	U.S. GAAP
Relevant guidance: IFRS 12; IAS 1 and 28	**Relevant guidance:** ASC 323, 610, 810, and 825; SEC Regulation S-X, Rules 4-08(g), 10-01(b), and 3-09; APB 18
Introduction	
General IAS 28 is used to account for investments in associates and sets out the requirements for the application of the equity method to account for investments in associates and joint ventures (IAS 28.1). An entity with joint control of or significant influence over an investee applies the equity method except under certain exemptions (IAS 28.16).	*General* ASC 323-10, *Investments–Equity Method and Joint Ventures: Overall*, applies to investments in common stock or in-substance common stock (ASC 323-10-15-3) except for the circumstances listed in ASC 323-10-15-4. This section focuses primarily on those entities within the scope of ASC 323-10 unless specifically noted.
Associate An associate is an entity over which the investor has significant influence (IAS 28.3).	*Equity method investee* Similar to IFRS, but under U.S. GAAP it is referred to as an equity method investee.

IFRS	U.S. GAAP
Joint venture See Section 8.2, “Joint arrangements,” for the definition of a joint venture.	*Joint venture* See Section 8.2, “Joint arrangements,” for the definition of a joint venture.
Significant influence An investor is presumed to have significant influence if the investor holds, directly or indirectly, 20 percent or more of the voting power of the investee unless it can be clearly demonstrated that is not the case. Conversely, if the entity holds, directly or indirectly (e.g., through subsidiaries), less than 20 per cent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated (IAS 28.5). The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether an entity has significant influence (IAS 28.7). Significant influence is normally evidenced by one or more of the following (IAS 28.6): • Representation on the board of directors or equivalent governing body of the investee • Participation in policy-making processes including participation in decisions about dividends or other distributions • Material transactions between the investor and investee • Interchange of managerial personnel • Provision of essential technical information An entity loses significant influence when it loses the power to participate in the financial and operating policy decisions of the	*Significant influence* Similar to IFRS, however, unlike IFRS the existence and effect of potential voting rights that are currently exercisable or convertible are not considered when assessing whether an entity has significant influence (ASC 323-10-15-6 through 15-11). Similar to IFRS, direct and indirect voting rights are considered, and the focus of the analysis is on the ability to exercise power.

IFRS	U.S. GAAP
investee, which could occur with or without a change in ownership levels (IAS 28.9).	
In substance equity instruments IFRS does not contain explicit guidance on in substance equity instruments.	*In substance equity instruments* Unlike IFRS, U.S. GAAP contains guidance on in-substance common stock. In-substance common stock is an investment in an entity that has risk and reward characteristics that are substantially similar to that entity's common stock (ASC 323-10-15-13). In-substance common stock is considered in the determination of significant influence and falls under the equity method guidance (ASC 323-10-15-3).
Significant influence on a partnership or similar entity IFRS does not contain explicit guidance on significant influence in a partnership or similar entity structure.	*Significant influence on a partnership or similar entity* Unlike IFRS, there is guidance on accounting for limited partnerships. Investments in unincorporated entities, such as partnerships generally apply the equity method if the investor has the ability to exercise significant influence over the investee (ASC 323-30-25-1). The SEC staff's position on the application of the equity method to investments in limited partnerships is that investments in all limited partnerships should be accounted for pursuant to paragraph 970-323-25-6. That guidance requires the use of the equity method unless the investor's interest "is so minor that the limited partner may have virtually no influence over partnership operating and financial policies." The SEC staff understands that practice generally has viewed investments of more than 3 to 5 percent to be more than minor (ASC 323-30-S99-1).
Exemptions from applying the equity method An investment in an associate or joint venture is accounted for using the equity method except for the following (IAS 28.17 and .20):	*Exemptions from applying the equity method* Unlike IFRS, there is no similar exception. However, there are some scope exceptions (ASC 323-10-15-4):

IFRS	U.S. GAAP
• Investments classified as held for sale in accordance with IFRS 5 • Investments in associates or joint ventures for which the exception to consolidation in paragraph 4(a) of IFRS 10 applies (see Section 8.1, “Basic requirements for group accounts”) or all of the following apply: – Investor is a subsidiary of another entity and its owners do not object to the investor not applying the equity method – Investor’s debt or equity instruments are not traded in a public market – Investor did not file, and is not in the process of filing, its financial statements with a regulatory organization for the purpose of issuing any class of instruments in a public market – Ultimate or any intermediate parent of the investor produces consolidated financial statements available for public use that comply with IFRS Long-term interests are in the scope of IFRS 9, and that standard should be applied before IAS 28 for losses or impairment of such instruments (IAS 28.14A).	• An investment accounted for in accordance with Subtopic 815-10 • An investment in common stock held by a nonbusiness entity, such as an estate, trust, or individual • An investment in common stock within the scope of ASC 810 • Except as discussed in paragraph 946-323-45-2, an investment held by an investment company within the scope of ASC 946. Unlike IFRS, an equity method investee that is held-for-sale is accounted for under the equity method.
Fair value option An entity may elect to measure an investment in an associate or joint venture held by or indirectly through an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities at fair value through profit and loss under IFRS 9. This election may be made separately for each associate or joint venture (IAS 28.18).	*Fair value option* Like IFRS, some of the items subject to the guidance in ASC 323-10 and 323-30 may qualify for application of the fair value option subsections of ASC 825-10 (ASC 323-10-25 and 323-30-25). However, unlike IFRS the fair value option can be applied regardless of if the entity is a venture capital organization, a mutual fund, unit trust or similar entity (ASC 825-10-15-4 through 15-5).

IFRS	U.S. GAAP
Application of the equity method – initial recognition	
General An investment in an associate or joint venture is initially recorded at cost. Any difference between the cost of the investment and the investor’s share of the net fair value of the investee’s assets and liabilities is accounted for either as (IAS 28.10 and 32): • Goodwill, included in the carrying amount of the investment • Income in the determination of the investor’s share of the investee’s profit or loss if there is any excess of the investor’s share of the net fair value of the investee’s identifiable assets and liabilities over the cost of the investment	*General* Similar to IFRS. Except as provided in the following sentence, an investment is initially measured at cost in accordance with ASC 323-10-30-2. An investor initially measures, at fair value, a retained investment in the common stock of an investee (including a joint venture) in a deconsolidation transaction in accordance with ASC 810-10-40-3A through 40-5 or an investment in the common stock of an investee (including a joint venture) recognized upon the derecognition of a distinct nonfinancial asset or distinct in substance nonfinancial asset in accordance with Subtopic 610-20. Any difference between the cost of an investment and the amount of the underlying net assets of the investee is accounted for as if the investee were a consolidated subsidiary (ASC 323-10-35-13).
Increase in level of ownership or degree of influence (investment becomes an equity method investee) IFRS is unclear as to how to measure investments held and initially accounted for at cost or fair value but that subsequently are accounted for under the equity method.	*Increase in level of ownership or degree of influence (investment becomes an equity method investee)* Unlike IFRS, U.S. GAAP does provide guidance on this matter. If an investment qualifies for use of the equity method, the investor shall add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. The current basis of the investor's previously held interest in the investee shall be remeasured in accordance with ASC 321-10-35-1 or 321-10-35-2, as applicable, immediately before adopting the equity method of accounting. For purposes of applying ASC 321-10-35-2 to the investor’s previously held interest, if the investor identifies observable price changes in orderly transactions for an identical or a similar

IFRS	U.S. GAAP
	investment of the same issuer that results in it applying ASC 323, the entity shall remeasure its previously held interest at fair value immediately before applying ASC 323 (ASC 323-10-35-33).
Application of the equity method – subsequent accounting	
General The carrying amount of the investment in an associate is increased or decreased to recognize: • *Profits or losses of the investee* – An investor's share of profit or loss is determined based on present ownership interests and does not reflect potential voting rights (IAS 28.10 and .12). Losses are recognized up to the amount of the investor's interest in the investee. Additional losses are recognized only to the extent the investor has incurred legal or constructive obligations or made payments on behalf of the investee. An investor's interest in an investee includes the carrying amount of the investment in the associate or joint venture under the equity method and any long-term interests in the associate or joint venture that in substance form a part of the investor's net investment in the associate or joint venture (for example, preference shares and long-term receivables or loans) (IAS 28.38-39). • *Distributions from the investee* (IAS 28.10) • *Changes in the investee's OCI* (IAS 28.10) • *Impairment losses* – The net investment in an associate or joint venture is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an	*General* Similar to IFRS, the carrying amount of the investment in an investee is increased or decreased to recognize: • *Profits or losses of the investee* – Similar to IFRS, an investor's share of profit or loss is determined based on present ownership interests and does not reflect potential voting rights (ASC 323-10-35-4). Losses are recognized up to the amount of the investor's common stock or in-substance common stock. Like IFRS, additional losses are recognized to the extent the investor has guaranteed obligations of the investee or is otherwise committed to provide further financial support for the investee. Unlike IFRS, additional losses are also recognized when the imminent return to profitability by an investee appears to be assured (ASC 323-10-35-19 through 35-22). • *Distributions from the investee* (ASC 323-10-35-17) • *Changes in the investee's OCI* (ASC 323-10-35-18) • *Impairment losses* – the entire carrying amount of the investment is tested for impairment in accordance with ASC 323-10-35-31 through 35-32A. Unlike IFRS, an impairment loss is recognized only if the loss in value is other than temporary and impairment losses may not be reversed.

IFRS	U.S. GAAP
impact on the estimated future cash flows from the net investment that can be reliably estimated as discussed in IAS 28.41A-41C.	
Distributions in excess of carrying amount of the investment No explicit guidance under IFRS.	*Distributions in excess of carrying amount of the investment* Like IFRS, no explicit guidance under U.S. GAAP, however the SEC staff addressed this topic at the 2008 AICPA conference. The SEC staff confirmed they would not object to gain recognition, provided that the investor is not liable for the obligations of the investee nor otherwise committed to provide financial support. The SEC staff believes that its view is consistent with the guidance in paragraph 19(i) of APB 18, which requires an investor to discontinue application of the equity method of accounting when the investment is reduced to zero, unless the investor has guaranteed obligations of the investee or is otherwise committed to provide further support. The SEC staff also believes that a similar conclusion was reached in AICPA Technical Practice Aids Section 2200.15 (SEC Staff Speech by Robert B. Malhotra, December 8, 2008, AICPA Conference on Current SEC and PCAOB Developments).
Transactions with equity method investees Gains and losses resulting from “upstream” and “downstream” transactions between an entity (including its consolidated subsidiaries) and its associate or joint venture are recognized in the entity’s financial statements only to the extent of unrelated investors’ interests in the associate or joint venture. “Upstream” transactions are, for example, sales of assets from an associate or a joint venture to the investor. “Downstream” transactions are, for example, sales or contributions of assets from the investor to its associate or its joint venture. The investor’s share in the associate’s or joint venture’s gains or losses resulting from these transactions is eliminated. When downstream transactions provide evidence of a reduction in the net realizable value	*Transactions with equity method investees* Similar to IFRS, intra-entity profits and losses on transactions between the investor and an equity method investee are eliminated until realized by the investor or investee as if the investee were consolidated. U.S. GAAP also specifies that intra-entity profits or losses on assets still remaining with an investor or investee are eliminated, except for both of the following (ASC 323-10-35-7): • A transaction with an investee (including a joint venture investee) that is accounted for as a deconsolidation of a subsidiary or a derecognition of a group of assets in accordance with ASC 810-10-40-3A through 40-5

IFRS	U.S. GAAP
of the assets to be sold or contributed, or of an impairment loss of those assets, those losses shall be recognized in full by the investor. When upstream transactions provide evidence of a reduction in the net realizable value of the assets to be purchased or of an impairment loss of those assets, the investor shall recognize its share in those losses. (IAS 28.28-29).	• A transaction with an investee (including a joint venture investee) that is accounted for as a change in ownership transaction in accordance with ASC 810-10-45-21A through 45-24 • A transaction with an investee (including a joint venture investee) that is accounted for as the derecognition of an asset in accordance with Subtopic 610-20 on gains and losses from the derecognition of nonfinancial assets. The methodology for applying losses to other investments in the investee is detailed in ASC 323-10-35-23 through 35-30.
Application of the equity method – discontinuing use of equity method	
Loss of significant influence An investor discontinues the use of the equity method when it ceases to be an associate or joint venture and accounts for the change as follows (IAS 28.22): • If the retained interest in the former associate or joint venture becomes a financial asset, measure that interest at fair value. Any difference between the fair value of the retained interest and any proceeds from disposal and the carrying amount of the investment at the date use of the equity method is discontinued is recognized in profit or loss. • Account for all amounts recognized in OCI in relation to that associate or joint venture on the same basis as would be required if the associate or joint venture had directly disposed of the related assets and liabilities.	*Loss of significant influence* Like IFRS, an investor discontinues the use of the equity method when it no longer has significant influence over the investee. From that date, an investor shall apply the following: • Sales of stock of an investee by an investor shall be accounted for as gains or losses equal to the difference at the time of sale between the selling price and carrying amount of the stock sold (ASC 323-10-35-35). • Similar to IFRS, upon the discontinuance of the equity method, an investor shall remeasure the retained investment at fair value (ASC 321). Any adjustment to carrying amount to adjust the retained investment to fair value is recognized in income. Unlike IFRS, the measurement alternative may be applied under ASC 321. For purposes of applying the measurement alternative to the investor's retained investment, if the investor identifies observable price changes in orderly transactions for the identical or a similar investment of the same issuer that results in it

IFRS	U.S. GAAP
	discontinuing the equity method, the entity shall remeasure its retained investment at fair value immediately after discontinuing the equity method. (ASC 323-10-35-36). • Unlike IFRS, an investor's proportionate share of an investee's other comprehensive income adjustments shall be offset against the carrying value of the investment. To the extent that the offset results in a carrying value of the investment that is less than zero, an investor shall both (ASC 323-10-35-37 through 35-39): – Reduce the carrying value of the investment to zero – Record the remaining balance in income.
Gain of control of investee accounted for under the equity method If the investment becomes a subsidiary, account for it in accordance with IFRS 3 and IFRS 10 (IAS 28.22).	*Gain of control of investee accounted for under the equity method* Similar to IFRS, the entity would apply ASC 810 and ASC 805.
Presentation and disclosure	
Accounting policies An investor's financial statements are prepared using uniform accounting policies for like transactions and events. Therefore, adjustments are made to conform the associate's or joint venture's accounting policies to those of the investor (IAS 28.35-.36).	*Accounting policies* Unlike IFRS, there is no explicit requirement for an investor to use uniform accounting policies for like transactions and events.
Balance sheet presentation Unless an investment or a portion of an investment in an associate or joint venture is classified as held for sale under IFRS 5, the investment or any retained interest not considered held for sale is classified as a non-current asset (IAS 28.15).	*Balance sheet presentation* Similar to IFRS, equity method investments are displayed as a separate item in the consolidated balance sheet (ASC 323-10-45-1).

IFRS	U.S. GAAP
Income statement presentation The investor's share of the associate's or joint venture's profit or loss accounted for under the equity method is shown separately in the consolidated income statement (IAS 1.82c).	*Income statement presentation* The investor's share of the earnings or losses of an equity method investee is normally shown in the income statement as a single amount (ASC 323-10-45-1 through 45-2). Unlike IFRS, an investor is not required to separately disclose or display the discontinued operations of an equity method investee.
Adjustments to the carrying amount arising from changes in the investee's other comprehensive income The investor's share of changes recognized in OCI by the associate or joint venture is recognized in OCI by the investor (IAS 28.10).	*Adjustments to the carrying amount arising from changes in the investee's other comprehensive income* Similar to IFRS, an investor records its proportionate share of the investee's equity adjustments for OCI as increases or decreases to the investment account with corresponding adjustments in equity (ASC 323-10-35-18).
Disclosures Disclosures include summarized financial information of investments in associates or joint ventures material to the reporting entity (IFRS 12.21(b) (ii) and IFRS 12.B12-B13).	*Disclosures* Similar to IFRS, disclosures for material equity method investees include summarized financial information for assets, liabilities, and results of operations of the investees in the notes or in separate statements (ASC 323-10-50-3). Publicly traded companies may have additional reporting requirements if investees meet certain size criteria (for example, SEC Regulation S-X, Rules 4-08(g), 10-01(b), and 3-09).
Accounting periods The investor uses the most recent financial statements of the associate or joint venture to apply the equity method. If the associate's or joint venture's reporting period is different from the investor's, the associate or joint venture prepares financial statements as of the same date as the investor unless impracticable. If not practicable, adjustments are	*Accounting periods* An investee may not prepare financial statements timely for an investor to apply the equity method currently. Unlike IFRS, in those situations, the investor uses the most recent financial statements of the investee to record its share of the earnings and losses of the investee rather than make adjustments to financial statements of the

IFRS	U.S. GAAP
made for the effects of significant transactions or events that occur between the date of the associate's or joint venture's financial statements and the date of the investor's financial statements. In any case, the difference between reporting dates is not more than three months (IAS 28.33-.34).	investee. Any lag in reporting is to be consistent from period to period (ASC 323-10-35-6).

9 Business combinations

IFRS	U.S. GAAP
Relevant guidance: IFRS 3, 10, and 13	**Relevant guidance:** ASC 805 and 810
Introduction	
General IFRS 3 applies to the accounting for a transaction or other event that meets the definition of a business combination (IFRS 3.2). It does not apply to: • The formation of a joint arrangement in the financial statements of the joint arrangement itself • A combination of entities or businesses under common control (IFRS 3, Appendix B) • The acquisition of an asset or a group of assets that is not a business (IFRS 3.2) • The acquisition by an investment entity of an investment in a subsidiary required to be measured at fair value through profit or loss (IFRS 3.2A)	*General* Similar to IFRS (ASC 805-10-15-3 through 15-4).
Definition of a business combination A *business combination* is as a transaction or other event in which an acquirer obtains control of one or more businesses (IFRS 3, Appendix A). Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee	*Definition of a business combination* Similar to IFRS (ASC Master Glossary, “Business Combination”), except that:

IFRS	U.S. GAAP
and has the ability to affect those returns through its power over the investee (IFRS 10.6).	• The term *control* has a different meaning in U.S. GAAP compared to IFRS. Control has the meaning of *controlling financial interest*, as that term is used in ASC 810-10-15-8. • A business combination also includes when an entity becomes the primary beneficiary of a VIE that is a business, in accordance with the ASC 810-10, "Variable Interest Entities," subsections.
Business combination achieved without the transfer of consideration An acquirer can obtain control of an acquiree without the transfer of consideration in the following circumstances: • Acquiree repurchases its own shares such that an investor (the acquirer) obtains control (IFRS 3.43a) • Minority veto rights lapse which had previously kept the acquirer from controlling the acquiree (IFRS 3.43b) • Acquirer and acquiree agree to combine their business by contract alone (IFRS 3.43c)	*Business combination achieved without the transfer of consideration* Similar to IFRS (ASC 805-10-25-11).
Definition of a business An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities (IFRS 3, Appendix A). A business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs.	*Definition of a business* The definition of a business is similar to that in IFRS (ASC 805-10-55-3A through 55-5).
The concentration test	*The screen test*

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>IFRS 3.B7B sets out an optional test (the concentration test) to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. An entity may elect to apply, or not apply, the test. An entity may make such an election separately for each transaction or other event. The concentration test has the following consequences:
• If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.
• If the concentration test is not met, or if the entity elects not to apply the test, the entity shall then perform the assessment set out in IFRS 3.B8–B12D.</td><td>Unlike IFRS where the concentration test is optional, U.S. GAAP requires the use of a screen test (concentration test) (outlined in ASC 805-10-55-5A through 55-5C) to determine if an acquired set is not a business. If the screen test is not met, further assessment is necessary to determine whether the set is a business. ASC 805-10-55-5D through 55-6 and 805-10-55-8 through 55-9 provide a framework to assist an entity in evaluating whether the set includes both an input and a substantive process.</td></tr>
<tr><td>Acquisition method
All business combinations are accounted for using the acquisition method (IFRS 3.4). The acquisition method requires an entity to (IFRS 3.5):
• Identify the acquirer
• Determine the acquisition date
• Recognize and measure the identifiable assets acquired, liabilities assumed, and noncontrolling interests in the acquiree
• Recognize and measure goodwill or a gain on a bargain purchase</td><td>Acquisition method
Similar to IFRS (ASC 805-10-05-4).</td></tr>
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IFRS	U.S. GAAP
Identifying the acquirer	
General An entity is required to identify one of the combining entities in each business combination as the acquirer. The acquirer is determined in accordance with the guidance in IFRS 10. Therefore, the *acquirer* is the entity that obtains control of another entity (IFRS 3.6-.7 and IFRS 3.B13-B18).	*General* Similar to IFRS, an entity is required to identify one of the combining entities in each business combination as the acquirer. The acquirer is determined in accordance with the guidance in ASC 810-10 and is the entity that obtains control (a controlling financial interest) of the other entity or entities in a business combination, usually through direct or indirect ownership of a majority voting interest. However, the primary beneficiary of a VIE, determined in accordance with the ASC 810-10, "Variable Interest Entities," subsections, is the acquirer of that entity. IFRS use a different consolidation model than U.S. GAAP. Therefore, identifying the acquirer could differ as a result of applying the guidance in IFRS 10 rather than ASC 810-10 (ASC 805-10-25-4 through 25-5).
If the acquirer is not clear from the consolidation guidance If a business combination has occurred but applying the guidance in IFRS 10 does not clearly indicate which of the combining entities is the acquirer, the factors in paragraphs B14–B18 shall be considered in making that determination (IFRS 3.B13)	*If the acquirer is not clear from the consolidation guidance* Similar to IFRS (ASC 805-10-55-10 through 55-15).
New entity as accounting acquirer A new entity formed to effect a business combination is not necessarily the acquirer. If a new entity is formed to issue equity interests to effect a business combination, one of the combining entities that existed before the business combination shall be identified as the acquirer by applying the guidance in IFRS 3.B13–B17. In contrast, a new entity that transfers	*New entity as accounting acquirer* Similar to IFRS (ASC 805-10-55-15).

IFRS	U.S. GAAP
cash or other assets or incurs liabilities as consideration may be the acquirer (IFRS 3.B18).	
Reverse acquisition A reverse acquisition occurs when the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes on the basis of the guidance in IFRS 3.B13–B18. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition (IFRS 3.B19).	*Reverse acquisition* Similar to IFRS (ASC 805-10-55-12).
Acquisition date	
General The *acquisition date* is the date the acquirer obtains control of the acquiree (IFRS 3, Appendix A). It is the date the entity uses to measure and recognize a business combination.	*General* Similar to IFRS (ASC Master Glossary, "Acquisition Date," and ASC 805-10-25-6 through 25-7).
Measurement period adjustment The initial accounting may not be complete by the end of the reporting period in which the combination occurs. In this situation, the acquirer uses provisional amounts for the items for which the accounting is incomplete. IFRS 3 provides for a measurement period after the acquisition date for the acquirer to adjust the provisional amounts recognized. The measurement period ends as of the earlier of (a) one year from the acquisition date or (b) the date when the acquirer receives the information necessary to complete the business combination accounting (IFRS 3.8-.9 and .45).	*Measurement period adjustment* Unlike IFRS, an acquirer recognizes adjustments to provisional amounts identified during the measurement period for a business combination in the reporting period the adjustments are determined, rather than retroactively accounting for these adjustments. An acquirer will recognize, in the same period financial statements the effects on earnings of changes in depreciation, amortization or other income effects, if any, as a result of changes to provisional amounts, calculated as if the accounting was completed at the acquisition date (ASC 805-10-25-13 through 25-19 and ASC 805-10-55-16).

IFRS	U.S. GAAP
The acquirer will continue to recognize during the measurement period adjustments to provisional amounts as if the accounting for the business combination had been completed at the acquisition date. The acquirer revises comparative information for prior periods presented in the financial statements, as needed, making any changes in depreciation, amortization or other income effects recognized in completing the initial accounting (IFRS 3.49).	
Recognizing and measuring identifiable assets acquired, liabilities assumed, and noncontrolling interests	
General recognition principal The acquirer recognizes the assets acquired and liabilities assumed in a business combination if, as of the acquisition date, both of the following conditions are met (IFRS 3.10-.12): • The item meets the definition of an asset or liability in the Conceptual Framework for Financial Reporting • The item is part of the business combination transaction and not a separate transaction.	*General recognition principal* Similar to IFRS, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must exist at the acquisition date (ASC 805-20-25-1 through 25-2). Similar to IFRS, the acquirer shall apply the guidance in paragraphs 805-10-25-20 through 25-23 to determine which assets acquired or liabilities assumed are part of the exchange for the acquiree and which, if any, are the result of separate transactions to be accounted for in accordance with their nature and the applicable GAAP (ASC 805-20-25-3).
Recognizing particular assets acquired and liabilities assumed – Intangible assets The acquirer shall recognize, separately from goodwill, the identifiable intangible assets acquired in a business combination. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal criterion (IFRS 3.B31).	*Recognizing particular assets acquired and liabilities assumed - Intangible assets* Similar to IFRS (ASC 805-20-25-10).

IFRS	U.S. GAAP
Recognizing particular assets acquired and liabilities assumed – Operating leases **Acquiree is a lessee:** The acquirer shall recognize right-of-use assets and lease liabilities for leases identified in accordance with IFRS 16 in which the acquiree is the lessee. The acquirer shall measure the lease liability at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired lease were a new lease at the acquisition date. The acquirer shall measure the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms (IFRS 3.28A-28B). **Acquiree is a lessor:** In measuring the acquisition-date fair value of an asset such as a building or a patent that is subject to an operating lease in which the acquiree is the lessor, the acquirer shall take into account the terms of the lease. The acquirer does not recognize a separate asset or liability if the terms of an operating lease are either favorable or unfavorable when compared with market terms (IFRS 3.B42).	*Recognizing particular assets acquired and liabilities assumed – Operating leases* **Acquiree is a lessee:** Similar to IFRS, the acquirer shall recognize assets and liabilities arising from leases of an acquiree in accordance with ASC 842 (ASC 805-20-25-28A). Unlike IFRS, an identifiable intangible asset associated with a lease may be evidenced by market participants' willingness to pay a price for the lease even if it is at market terms. Like IFRS, the acquirer shall adjust the measurement of the acquired right-of-use asset for any favorable or unfavorable terms (ASC 805-20-25-10A through 25-12). **Acquiree is a lessor:** Unlike IFRS, the acquirer shall recognize an intangible asset if the terms of an operating lease are favorable relative to market terms and a liability if the terms are unfavorable relative to market terms (ASC 805-20-25-12).
Classifying or designating identifiable assets acquired and liabilities assumed in a business combination Identifiable assets acquired and liabilities assumed are classified or designated based on the economic conditions, operating and accounting policies, contract terms, and other relevant factors that exist as of the acquisition-date. However, IFRS provides an exception to this principle around the classification of a lease contract when the acquiree is a lessor. When the acquiree is the lessor under either an operating lease or a finance lease the former classification under IFRS 16, *Leases*, is kept (IFRS 3.15-.17).	*Classifying identifiable assets acquired and liabilities assumed in a business combination* Similar to IFRS, with the exception that the acquirees classification of a lease is kept regardless if the acquiree is a lessee or lessor and classification of a contract written by an entity that is in the scope of Subtopic 944-10 as an insurance or reinsurance contract or a deposit contract (ASC 805-20-25-6 through 25-8)

IFRS	U.S. GAAP
Measurement principle The acquirer is required to measure the identifiable assets acquired and liabilities assumed at their acquisition-date fair values. Noncontrolling interests in the acquiree are measured either at fair value (full goodwill) or at the present ownership instruments' proportionate share at the recognized amounts of the acquiree's identifiable net assets (partial goodwill). Certain exceptions to the measurement principle exist (IFRS 3.19-.20).	*Measurement principle* Similar to IFRS, the acquirer is required to measure the identifiable assets acquired and liabilities assumed at their acquisition-date fair values with certain exceptions to the measurement principle. Unlike IFRS, noncontrolling interests in the acquiree are measured at fair value (full goodwill) (ASC 805-20-30-1 through 30-2).
Exception to recognition principle Applies to liabilities and contingent liabilities that would be within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* if they were incurred separately rather than assumed in a business combination. A contingent liability assumed in a business combination is recognized if it is a present obligation that arises from past events and its fair value can be reliably measured. A contingent liability is recognized even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation at the acquisition date (IFRS 3.21A-23). Other than contracts accounted for under IFRS 9, a contingent liability recognized in a business combination is measured subsequently at the higher of either (IFRS 3.56): • The amount that would be recognized under IAS 37 • The amount initially recognized less, if appropriate, the cumulative amount of income recognized under IFRS 15 Contingent assets are not recognized (IFRS 3.23A).	*Exception to recognition principle* Unlike IFRS, there are no exceptions to just the recognition principle.

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Exceptions to both recognition and measurement principles

Deferred tax assets and liabilities in connection with a business combination are accounted for in accordance with IAS 12 (IFRS 3.24)

Any liability or asset for employee benefit arrangements is recognized and measured in accordance with IAS 19 (IFRS 3.26)

Indemnification assets are recognized at the same time that the acquirer recognizes the indemnified item. Therefore, an indemnification asset would be recognized as of the acquisition date only if the indemnified item is recognized as of the acquisition date. An indemnification asset is measured on the same basis as the indemnified item subject to the need of a valuation allowance (IFRS 3.27-.28).

The acquirer shall recognize right-of-use assets and lease liabilities for leases identified in accordance with IFRS 16 in which the acquiree is the lessee unless the exceptions in IFRS 3.28A are met (IFRS 3.28A).

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Exception to both recognition and measurement principles

Assets and liabilities arising from contingencies are recognized at fair value if the acquisition-date fair value of that asset or liability can be determined during the measurement period (ASC 805-20-25-19 and ASC 805-20-30-9). If the acquisition-date fair value cannot be determined, an asset or liability is recognized if both of the following criteria are met:

- Information that is available before the end of the measurement period indicates that it is probable that an asset existed or that a liability had been incurred at the acquisition date
- The amount of the asset or liability can be reasonably estimated (ASC 805-20-25-20 through 20B)

Assets and liabilities arising from contingencies are subsequently measured and accounted for using a systematic and rational basis (ASC 805-20-35-3).

Similar to IFRS, deferred taxes and uncertain tax positions are accounted for in accordance with ASC 740-10 and ASC 805-740 (ASC 805-740-25-2 and 30-1).

Similar to IFRS, a liability or asset, if any, related to the acquiree's employee benefit arrangements is recognized in accordance with other ASC Topics (ASC 805-20-25-22 through 25-26 and ASC 805-20-30-14 through 30-17).

Indemnification assets are recognized and measured similar to IFRS (ASC 805-20-25-27 through 25-28 and ASC 805-20-30-18 through 30-19).

Similar to IFRS, the acquirer shall recognize assets and liabilities arising from leases of an acquiree in accordance with Topic 842 non

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IFRS	U.S. GAAP
	leases (taking into account the requirements in paragraph 805-20-25-8(a)). Some policy elections are available (ASC 805-20-25-28A through 25-28B). Similar to IFRS, for leases in which the acquiree is a lessor of a sales-type lease or a direct financing lease, the acquirer shall measure its net investment in the lease as the sum of the lease receivable and unguaranteed residual asset (which will equal the fair value of the underlying asset at the acquisition date) (ASC 805-20-30-25). Unlike IFRS, the acquirer shall recognize and measure a contract asset or contract liability in accordance with Topic 606 on revenue from contracts with customers. Some practical expedients are available (ASC 805-20-25-28C and ASC 805-20-30-27 through 30-30).
Exceptions to measurement principle Reacquired rights are recognized as an identifiable intangible asset and measured based on the remaining contractual term of the related contract without consideration of potential contract renewals. In addition, if the contract is favorable or unfavorable compared to similar current market transactions, the acquirer recognizes a gain or loss on the effective settlement of a preexisting relationship (IFRS 3.29, B35-B36, and B52). A liability or an equity instrument related to share-based payment transactions of the acquiree or replacement share-based payment awards is measured in accordance with IFRS 2 (IFRS 3.30). Assets held for sale are measured in accordance with IFRS 5 at fair value, less cost to sell (IFRS 3.31).	*Exceptions to measurement principle* Reacquired rights, similar to IFRS (ASC 805-20-25-14 through 25-15 and 30-20) Similar to IFRS, not taking into account differences between ASC 718 and IFRS 2, a liability or an equity instrument related to the replacement of an acquiree's share-based payment awards with share-based payments awards of the acquirer is to be measured in accordance with ASC 718 (ASC 805-20-30-21). Assets held for sale are measured in accordance with ASC 360-10 at fair value, less cost to sell. Similar to IFRS standards (ASC 805-20-30-22). Unlike IFRS, an acquirer shall recognize purchased financial assets with credit deterioration in accordance with other GAAP (ASC 805-20-30-26).

IFRS	U.S. GAAP
Reacquired rights Reacquired rights are recognized as an identifiable intangible asset and measured based on the remaining contractual term of the related contract without consideration of potential contract renewals. In addition, if the contract is favorable or unfavorable compared to similar current market transactions, the acquirer recognizes a gain or loss on the effective settlement of a preexisting relationship (IFRS 3.29, B35-B36, and B52).	*Reacquired rights* Reacquired rights, similar to IFRS (ASC 805-20-25-14 through 25-15 and 30-20)
Goodwill or gain on a bargain purchase	
Goodwill at the acquisition date The acquirer recognizes goodwill at the acquisition date measured as the excess of (a) over (b) below (IFRS 3.32): a. Aggregate of: – The acquisition-date value of consideration transferred by the acquirer (IFRS 3.37-.38) – In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree (IFRS 3.41-.42) – The amount of any noncontrolling interests measured in accordance with IFRS 3 b. The net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed in the combination, measured and recognized according to the provisions of IFRS 3	*Goodwill at the acquisition date* Similar to IFRS, goodwill at the acquisition date is measured as the excess of (a) over (b) below (ASC 805-30-30-1): a. Aggregate of: – The acquisition-date value of consideration transferred by the acquirer (ASC 805-30-30-7) – In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree – The acquisition-date fair value of any noncontrolling interests b. Similar to IFRS, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed measured and recognized according to the provisions of ASC 805
Allocation of goodwill	*Allocation of goodwill*

IFRS	U.S. GAAP
Goodwill is allocated to a cash-generated unit or group of cash-generating units. It is not amortized but tested for impairment annually or more frequently if indications of impairment exist. See Section 4.4, “Impairment,” for a discussion of the goodwill impairment test.	Goodwill acquired in a business combination is assigned to one or more reporting units at the acquisition date. Similar to IFRS, goodwill is not amortized but tested for impairment annually or more frequently if indications of impairment exist. See Section 4.4, “Impairment,” for a discussion of the goodwill impairment test.
Bargain purchase A *bargain purchase* is defined as a business combination in which the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed in the combination, measured and recognized according to the provisions of IFRS 3, exceeds the aggregate of the amounts specified in (a) above (IFRS 3.34).	*Bargain purchase* Similar to IFRS (ASC 805-30-25-2 through 25-4).
Contingent consideration The consideration transferred in a business combination includes the acquisition-date fair value of contingent consideration (IFRS 3.40 and .58): • Initial classification – the amount recognized for a contingent obligation to pay additional consideration is classified as either a liability or equity in accordance with IAS 32 • Measurement changes that are not measurement period adjustments are accounted for as follows: – Contingent consideration classified as equity is not remeasured. The settlement of contingent consideration classified as equity will be accounted for within equity. – Contingent consideration classified as an asset or a liability that is	*Contingent consideration* Similar to IFRS: • Initial classification – The acquirer shall classify an obligation to pay contingent consideration as a liability or as equity in accordance with ASC 480-10 and ASC 815-40 or other applicable generally accepted accounting principles (GAAP). Differences may arise from IFRS due to the different classification requirements (ASC 805-30-25-5 through 25-7) • Subsequent measurement changes that are not measurement period adjustments are accounted for as follows (ASC 805-30-35-1): – Contingent consideration classified as equity - Similar to IFRS as equity is not remeasured. The settlement of contingent consideration classified as equity will be accounted for within equity.

IFRS	U.S. GAAP
▪ A financial instrument and within the scope of IFRS 9 is measured at fair value with any gain or loss recognized in profit or loss or OCI, as appropriate ▪ Not within the scope of IFRS 9 measured at fair value at each reporting date and changes in fair value recognized in profit or loss	– Contingent consideration classified as an asset or a liability is adjusted to fair value at each reporting date through earnings (or OCI for certain hedging instruments under ASC 815) until the contingency is resolved. Subsequent measurement under IFRS follows the guidance in IFRS 9 or IAS 37 which could differ from the guidance in U.S. GAAP.
Other matters	
Business combination achieved in stages (step acquisition) An acquirer may obtain control of an acquiree in which the acquirer had an equity interest before the acquisition date. IFRS 3 requires that any equity interest in the acquiree held by the acquirer immediately before the acquisition date be remeasured to acquisition-date fair value. Any resulting gain or loss will be recognized in profit or loss or OCI, as appropriate. In prior reporting periods, the acquirer may have recognized changes in the value of its equity interest in the acquiree in OCI. If so, the amount that was recognized in OCI is recognized on the same basis as would be required if the acquirer had directly disposed of the previously held equity interest (IFRS 3.41 and .42). An entity which obtains control of a business that is a joint operation and in which it previously had an interest treats the transaction as a business combination achieved in stages. In doing so, the acquirer remeasures its entire previously held interest in the joint operation (IFRS 3.42A).	*Business combination achieved in stages (step acquisition)* Similar to IFRS (ASC 805-10-25-9 through 25-10).
Transactions between entities under common control IFRS 3 does not apply to business combinations of entities or businesses under common control and no other IFRS applies. Some entities include the assets acquired and liabilities assumed at the	*Transactions between entities under common control* The guidance in ASC 805 does not apply to business combinations between entities or businesses under common control (ASC 805-50-05-4). The entity that receives the net assets or equity interests

IFRS	U.S. GAAP
carrying amounts of the transferring entity or the acquisition method under IFRS 3 (IFRS 3.2(c)).	measures the recognized assets and liabilities transferred at their carrying amounts in the accounts of the transferring entity at the date of transfer (ASC 805-50-30-5).
Fair value Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (IFRS 13.9).	*Fair value* Similar to IFRS (ASC Master Glossary, "Fair Value").
Determining what is part of the business combination transaction The acquirer shall identify any amounts that are not part of what the acquirer and the acquiree (or its former owners) exchanged in the business combination, i.e., amounts that are not part of the exchange for the acquiree. The acquirer shall recognize as part of applying the acquisition method only the consideration transferred for the acquiree and the assets acquired and liabilities assumed in the exchange for the acquiree. Separate transactions shall be accounted for in accordance with the relevant IFRSs. IFRS provides examples and application guidance (IFRS 3.51-.52).	*Determining what is part of the business combination transaction* Similar to IFRS (ASC 805-10-25-20 through 25-22).
Acquisition related costs The acquirer shall account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities shall be recognized in accordance with IAS 32 and IFRS 9 (IFRS 3.53).	*Acquisition related costs* Similar to IFRS, the acquirer shall account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities shall be recognized in accordance with other applicable GAAP (ASC 805-10-25-23).
Pushdown accounting There is no guidance in IFRS related to pushdown accounting.	*Pushdown accounting*

IFRS	U.S. GAAP
	Unlike IFRS, an acquiree has the option to apply pushdown accounting in its separate financial statements when an acquirer obtains control of acquiree (ASC 805-50-25-4). The option to apply pushdown accounting may be elected each time there is a change-in-control event where an acquirer obtains control of the acquiree and if elected to apply pushdown accounting as of the acquisition date (ASC 805-50-25-6). Election to apply pushdown accounting is irrevocable (ASC 805-50-25-9).
Asset acquisitions The acquisition of an asset or a group of assets that does not constitute a business. In such cases the acquirer shall identify and recognize the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38, *Intangible Assets*) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill (IFRS 3.2).	*Asset acquisitions* Similar to IFRS, but some differences will arise (ASC 805-50).
Exchange of acquiree share-based payment awards An acquirer may exchange its share-based payment awards (replacement awards) for awards held by employees of the acquiree. Exchanges of share options or other share-based payment awards in conjunction with a business combination are accounted for as modifications of share-based payment awards in accordance with IFRS 2. If the acquirer replaces the acquiree awards, either all or a portion of the market-based measure of the acquirer's replacement	*Exchange of acquiree share-based payment awards* Similar to IFRS, apart from it applies to both employee and non-employee awards (ASC 805-30-30-9 through 30-12).

IFRS	U.S. GAAP
awards shall be included in measuring the consideration transferred in the business combination (IFRS 3.B56) In situations in which acquiree awards would expire as a consequence of a business combination and if the acquirer replaces those awards when it is not obliged to do so, all of the market-based measure of the replacement awards shall be recognized as remuneration cost in the post-combination financial statements in accordance with IFRS 2. (IFRS 3.B56). The acquirer attributes any excess of the market-based measure of the replacement award over the market-based measure of the acquiree award to post-combination service and recognizes that excess as remuneration cost in the post-combination financial statements (IFRS 3.B59) Changes in the estimated number of replacement awards expected to vest are reflected in remuneration cost for the periods in which the changes or forfeitures occur not as adjustments to the consideration transferred in the business combination (IFRS 3.B60).	

10. Other matters

10.1 Fair value measurement

IFRS	U.S. GAAP
Relevant guidance: IFRS 13	**Relevant guidance:** ASC 820
Introduction	
General Defines fair value and establishes a single framework for measuring fair value for financial reporting (IFRS 13.1).	*General* Similar to IFRS (ASC 820-10-05-01).
Objective Fair value is a market-based, not entity-specific measurement. The objective is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability) (IFRS 13.2).	*Objective* Similar to IFRS (ASC 820-10-05-1B).
Fair value when price is not observable When a price for an identical asset or liability is not observable, fair value is measured using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable	*Fair value when price is not observable* Similar to IFRS (ASC 820-10-05-1C).

IFRS	U.S. GAAP
inputs. Fair value is a market-based measurement and thus is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. An entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value (IFRS 13.3).	
Definition of fair value *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date (exit price) regardless of whether that price is directly observable or estimated using another valuation technique (IFRS 13.9 and .24).	*Definition of fair value* Similar to IFRS (ASC 820-10-35-2 and 35-9A).
Scope	
General Applies when another standard under IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except as specified below (IFRS 13.5).	*General* Similar to IFRS (ASC 820-10-15-1).
Measure requirement exception The measurement and disclosure requirements do not apply to (IFRS 13.6): • Share-based payments (IFRS 2) • Leasing transactions (IFRS 16)	*Measure requirement exception* The fair value measurements topic does not apply to the following (ASC 820-10-15-2): • Similar to IFRS, share-based payment (ASC 718) • Unlike IFRS, leasing is within the scope of the guidance

IFRS	U.S. GAAP
• Measurements that have similarities to fair value but are not fair value (net realizable value in IAS 2 or value in use in IAS 36)	• Similar to IFRS, measurements that have similarities to fair value but are not fair value, such as vendor-specific objective evidence of fair value (ASC 985-605) or inventory (ASC 330) • Unlike IFRS, revenue from contracts with customers in accordance ASC 606. • Unlike IFRS, gains and losses upon the derecognition of nonfinancial assets in accordance with ASC 610-20.
Disclosure exceptions Disclosures are not required for (IFRS 13.7): • Plan assets measured at fair value (IAS 19) • Retirement benefit plan investments measured at fair value (IAS 26) • Assets for which recoverable amount is fair value less costs of disposal (IAS 36)	*Disclosure exceptions* Disclosures are not required for: • Similar to IFRS (ASC 820-10-50-10). • No similar requirement. • No similar requirement.
Initial and subsequent measurement Applies to initial and subsequent measurement if fair value is required or permitted by other IFRS (IFRS 13.8).	*Initial and subsequent measurement* Similar to IFRS (ASC 820-10-30-1).
Measurement	
Fair value at initial recognition At initial recognition, the transaction price typically equals fair value. Paragraph B4 of IFRS 13 describes situations in which the transaction price might not represent fair value at initial recognition (IFRS 13.58-.59).	*Fair value at initial recognition* Similar to IFRS (ASC 820-10-30-3 and 3A).

IFRS	U.S. GAAP
The asset or liability A fair value measurement is for a particular asset or liability. When measuring fair value, an entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Those characteristics include the condition and location of the asset and restrictions, if any, on the sale or use of the asset (IFRS 13.11).	*The asset or liability* Similar to IFRS (ASC 820-10-35-2B).
The transaction A fair value measurement assumes: • The asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions • The transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability (IFRS 13.15-.16).	*The transaction* Similar to IFRS (ASC 820-10-35-3 and 35-5).
Principal market The market with greatest volume and level of activity for the asset or liability (IFRS 13, Appendix A): • When a principal market exists, fair value measurement represents the price in that market even if price in a different market is potentially more advantageous at the measurement date • Entity must have access to the principal (or most advantageous) market at measurement date. May be different for different entities	*Principal market* Similar to IFRS (ASC Master Glossary, “Principal Market”). Similar to IFRS (ASC 820-10-35-6 through 35-6C).

IFRS	U.S. GAAP
for the same asset or liability. Considered from perspective of the entity. • Entity does not need to be able to sell particular asset or transfer particular liability on measurement date to be able to measure fair value on basis of price in that market • Even when no observable market to provide pricing information at measurement date, assume transaction takes place at that date, considered from perspective of market participant that holds the asset or owes the liability (IFRS 13.18-.21)	
Investments in investment companies No practical expedient provided to permit an entity with an investment in an investment company to measure fair value based on the reported net asset value, without adjustment.	*Investment in investment companies* Unlike IFRS, a practical expedient in ASC 820 permits a reporting entity with an investment in an investment company to measure fair value in specific circumstances at the reported net asset value without adjustment (ASC 820-10-15-4 and 35-59 through 35-62).
Market participants	
Definition of market participants Market participants are buyers and sellers in the principal (or most advantageous) market for the asset or liability that have all of the following (IFRS 13, Appendix A): • Independent of each other, not related parties • Knowledgeable, having reasonable understanding about the asset or liability and the transaction using all available information • Able to enter into transaction for the asset or liability	*Definition of market participants* Similar to IFRS (ASC Master Glossary, “Market Participants”).

IFRS	U.S. GAAP
• Willing to enter into a transaction for the asset or liability (motivated but not forced or otherwise compelled to do so)	
Mark participants assumption on fair value measurement Measure fair value of asset or liability using assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest (IFRS 13.22).	*Mark participants assumption on fair value measurement* Similar to IFRS (ASC 820-10-35-9).
Price	
General The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs (IFRS 13.25).	*General* Similar to IFRS (ASC 820-10-35-9B).
Transport costs Transaction costs do not include transport costs. If location is a characteristic of asset, the price in the principal (or most advantageous) market is adjusted for costs incurred to transport the asset from its current location to that market (IFRS 13.26).	*Transport costs* Similar to IFRS (ASC 820-10-35-9C).
Non-financial assets	
General The fair value measurement considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use (IFRS 13.27).	*General* Similar to IFRS (ASC 820-10-35-10A).

IFRS	U.S. GAAP
Highest and best use The highest and best use includes the use of the asset that is physically possible, legally permissible, and financially feasible (IFRS 13.28).	*Highest and best use* Similar to IFRS (ASC 820-10-35-10B).
Liabilities and an entity's own equity instruments	
General principles The fair value measurement assumes a financial or non-financial liability or an entity's own equity instrument is transferred to a market participant at the measurement date. Also (IFRS 13.34): • A liability would remain outstanding and the market participant transferee would be required to fulfill the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date. • An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.	*General principles* Similar to IFRS (ASC 820-10-35-16).
Observable and unobservable inputs Maximize use of relevant observable inputs and minimize use of unobservable inputs to meet the objective of fair value measurement (IFRS 13.36).	*Observable and unobservable inputs* Similar to IFRS (ASC 820-10-35-16AA).
Quoted price not available When quoted price for the transfer of an identical or similar liability or entity's own equity instrument is not available and identical item is held	*Quoted price not available* Similar to IFRS (ASC 820-10-35-16B).

IFRS	U.S. GAAP
by another party as an asset, measure fair value of liability or equity instrument from perspective of market participant that holds the identical item as an asset at measurement date (IFRS 13.37).	
Adjustments to quoted price An entity adjusts the quoted price of a liability or an entity's own equity instrument held by another party as an asset only if there are factors specific to the asset that are not applicable to the fair value measurement of the liability or equity instrument (IFRS 13.39).	*Adjustments to quoted price* Similar to IFRS (ASC 820-10-35-16D).
Quoted price not available and identical item not held by another party as an asset When quoted price for the transfer of an identical or similar liability or entity's own equity instrument is not available and the identical item is not held by another party as an asset, measure fair value of the liability or equity instrument using valuation technique from perspective of market participant that owes the liability or has issued the claim on equity (IFRS 13.40).	*Quoted price not available and identical item not held by another party as an asset* Similar to IFRS (ASC 820-10-35-16H).
Non-performance risk The fair value of a liability reflects the effect of non-performance risk. It includes an entity's own credit risk and is assumed to be the same before and after the transfer of the liability (IFRS 13.42).	*Non-performance risk* Similar to IFRS (ASC 820-10-35-17).
Restriction preventing the transfer of a liability or an entity's own equity instrument The fair value of a liability or an entity's own equity instrument does not include a separate input or adjustment to other inputs relating to existence of a restriction that prevents the transfer of the item as it is	*Restriction preventing the transfer of a liability or an entity's own equity instrument* Similar to IFRS (ASC 820-10-35-18B). In addition, U.S. GAAP explicitly discusses (in contrast to IFRS) that although a reporting entity must be able to access the market, the reporting entity does

IFRS	U.S. GAAP
implicitly or explicitly included in other inputs to the fair value measurement (IFRS 13.45).	not need to be able to sell the particular asset or transfer the particular liability on the measurement date to be able to measure fair value on the basis of the price in that market. For example, an equity security that an entity cannot sell on the measurement date because of a contractual sale restriction shall be measured at fair value on the basis of the price in the principal (or most advantageous) market. A contractual sale restriction does not change the market in which that equity security would be sold (ASC 820-10-35-6B). Additionally, a contractual sale restriction may not be part of the unit of account (such as a contractual sale restriction on an equity security), and therefore would be an attribute of the holder, not the item subject to fair value measurement. Attributes of the holder do not impact fair value measurements.
Valuation techniques	
General Use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing use of relevant observable inputs and minimizing use of unobservable inputs (IFRS 13.61 and .67).	*General* Similar to IFRS (ASC 820-10-35-24).
Consistent use of valuation technique Valuation techniques used are to be applied consistently. A change in a valuation technique or its application is appropriate if the change results in a measurement that is equally or more representative of fair value in the circumstances (IFRS 13.65).	*Consistent use of valuation technique* Similar to IFRS (ASC 820-10-35-25).
Inputs based on bid and ask prices	*Inputs based on bid and ask prices*

IFRS	U.S. GAAP
If an asset or liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread most representative of fair value is used regardless of where the input is categorized within the fair value hierarchy (IFRS 13.70).	Similar to IFRS (ASC 820-10-35-36C).
Fair value hierarchy	
General The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and lowest priority to unobservable inputs (Level 3 inputs) (IFRS 13.72).	*General* Similar to IFRS (ASC 820-10-35-37).
Inputs used to measure fair value of an asset or a liability are categorized in different levels of the fair value hierarchy When inputs used to measure fair value of an asset or a liability are categorized in different levels of the fair value hierarchy the fair value measurement is categorized in its entirety in the same level as the lowest level input that is significant to the entire measurement (IFRS 13.73).	*Inputs used to measure fair value of an asset or a liability are categorized in different levels of the fair value hierarchy* Similar to IFRS (ASC 820-10-35-37A).
Level 1 Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (IFRS 13.76).	*Level 1* Similar to IFRS (ASC 820-10-35-40).
Level 2	*Level 2*

IFRS	U.S. GAAP
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. See IFRS 13.B35 for examples of Level 2 inputs for specific assets and liabilities. If the asset or liability has a specified (contractual) term a Level 2 input must be observable for substantially the full term of the asset or liability (IFRS 13.81-.82). Adjustments to Level 2 inputs will vary depending on factors specific to the asset or liability, including (IFRS 13.83): • Condition or location of the asset • Extent to which inputs relate to items that are comparable to the asset or liability • Volume or level of activity in markets within which inputs observed	Similar to IFRS (ASC 820-10-35-47, 35-48, 35-50, 35-51, and 55-21).
Level 3 Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value when relevant observable inputs are not available, thus allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk (IFRS 13.86-.87). Paragraph B36 of IFRS 13 includes examples of Level 3 inputs for specific assets and liabilities.	*Level 3* Similar to IFRS (ASC 820-10-35-52 through 55 and ASC 820-10-55-22).

10.2 Foreign currency translation

The IASB has amended IAS 21, *The Effects of Changes in Foreign Exchange Rates*, to clarify the approach that should be taken by preparers of financial statements when they are reporting foreign currency transactions, translating foreign operations, or presenting financial statements in a different currency, and there is a long-term lack of exchangeability between the relevant currencies.

The amendments include both updates to guidance to assist preparers in correctly accounting for foreign currency items and increases the level of disclosure required to help users understand the impact of a lack of exchangeability on the financial statements. The amendments:

- Introduce a definition of whether a currency is exchangeable, and the process by which an entity should assess this exchangeability. This includes application guidance included in a new Appendix A
- Provide guidance on how an entity should estimate a spot exchange rate in cases where a currency is not exchangeable
- Require additional disclosures in cases where an entity has estimated a spot exchange rate due to a lack of exchangeability, including the nature and financial impact of the lack of exchangeability, and details of the spot exchange rate used and the estimation process.

The additional disclosure requirements provide useful information about the additional level of estimation uncertainty, and risks arising for the entity due to the lack of exchangeability.

The amendments to IAS 21 are effective for accounting periods on or after 1 January 2025, with earlier application permitted.

IFRS	U.S. GAAP
Relevant guidance: IAS 21, 29, and 39; IFRIC 16 and 22	**Relevant guidance:** ASC 323, 810, 815, and 830
Introduction	
General An entity may carry on foreign activities in two ways. It may have transactions in foreign currencies, or it may have foreign operations. In addition, an entity may present its financial statements in a foreign currency. The objective of IAS 21 is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency (IAS 21.1).	*General* Similar to IFRS (ASC 830).
Scope exclusion	*Scope exclusion*

IFRS	U.S. GAAP
IAS 21.3(a) excludes from its scope certain derivative transactions and balances that are within the scope of IFRS 9.	Similar to IFRS, ASC 830 excludes from its scope derivatives within the scope of ASC 815 (ASC 830-20-15-2).
Presentation currency Presentation currency is the currency in which the financial statements are presented and it is essentially a matter of choice. The presentation currency of a reporting entity may be any currency (or currencies) (IAS 21.8 and .18). Financial statements are prepared in the entity's functional currency but may then be presented in any currency (IAS 21.20-.26 and .38-.43).	*Reporting currency* Reporting currency is the currency in which an enterprise prepares its financial statements. Unlike IFRS rules around presentation currency, U.S. GAAP does not indicate that an entity can have more than one reporting currency (ASC Master Glossary, "Reporting Currency").
Functional currency Functional currency is the currency of the primary economic environment in which the entity operates. All other currencies are then treated as *foreign currencies*. (IAS 21.8). The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash (IAS 21.9). IAS 21.9-.14 contains extensive guidance (including primary and secondary indicators) on the determination of the functional currency (which is not a matter of choice). Once determined, the functional currency is not changed unless there is a change in the underlying transactions, events, and conditions (IAS 21.13). When the indicators are mixed and the functional currency is not obvious, management uses judgment to determine the functional currency. Management gives priority to the primary indicators before considering the secondary indicators (IAS 21.12).	*Functional currency* Similar to IFRS, functional currency is the currency of the primary economic environment in which that entity operates. Normally, it will be the currency of the economic environment in which cash is generated and expended by the entity (ASC Master Glossary, "Functional Currency"). The *foreign currency* is a currency other than the functional currency of the entity being referred to (ASC Master Glossary, "Foreign Currency"). Similar to IFRS, the functional currency (or currencies) of an entity is basically a matter of fact, but in some instances the observable facts will not clearly identify a single functional currency. For example, if a foreign entity conducts significant amounts of business in two or more currencies, the functional currency might not be clearly identifiable. In those instances, the economic facts and circumstances pertaining to a particular foreign operation are assessed in relation to the stated objectives for foreign currency translation (see ASC 830-10-10-1 through 10-2). Management's judgment will be required to determine the functional currency in which financial results and relationships are

IFRS	U.S. GAAP
	measured with the greatest degree of relevance and reliability (ASC 830-10-45-6). Unlike IFRS, a hierarchy of indicators to consider in determining the functional currency of an entity is not included (ASC 830-10-45-3). Instead, ASC 830-10-55-3 through 55-7 provide guidance for the determination of the functional currency. The economic factors in this guidance, and possibly others, are considered both individually and collectively when determining the functional currency (ASC 830-10-55-3).
Monetary items Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency (IAS 21.8).	*Monetary assets and liabilities* Similar to IFRS, monetary assets and liabilities are assets and liabilities whose amounts are fixed in terms of units of currency by contract or otherwise. Examples are cash, short- or long-term accounts and notes receivable in cash, and short- or long-term accounts and notes payable in cash (ASC Master Glossary).
Summary of the approach required	
All entities In preparing financial statements, each entity whether a stand-alone entity, an entity with foreign operations (such as a parent) or a foreign operation (such as a subsidiary or branch) determines its functional currency in accordance with IAS 21.9-.14 and then translates foreign currency items into its functional currency and reports the effects of such translation in accordance with IAS 21.20-.37 and .50 (IAS 21.17).	*All entities* Similar to IFRS, the assets, liabilities, and operations of a foreign entity are measured using the functional currency of that entity in accordance with ASC 830-10-55-3. A *foreign entity* is defined as an operation (for example, subsidiary, division, branch, joint venture, etc.) whose financial statements (a) are prepared in a currency other than the reporting currency of the reporting enterprise and (b) are combined or consolidated with or accounted for on the equity basis in the financial statements of the reporting enterprise (ASC Master Glossary, “Foreign Entity”).

IFRS	U.S. GAAP
Each individual entity included in the reporting entity It is necessary for the results and financial position of each individual entity included in the reporting entity to be translated into the currency in which the reporting entity presents its financial statements. The presentation currency of the reporting entity may be any currency or currencies. The results and financial position of any individual entity within the reporting entity whose functional currency differs from the presentation currency are translated in accordance with IAS 21.38-.50 (IAS 21.18).	*Each individual entity included in the reporting entity* Similar to IFRS, the financial statements of separate entities within an enterprise, which may exist and operate in different economic and currency environments, are consolidated and presented as though they were the financial statements of a single enterprise. Because it is not possible to combine, add, or subtract measurements expressed in different currencies, it is necessary to translate into a single reporting currency those assets, liabilities, revenues, expenses, gains, and losses that are measured or denominated in a foreign currency (ASC 830-10-10-1).
Stand-alone entity preparing financial statements or an entity preparing separate financial statements IAS 21 permits such entities to present its financial statements in any currency or currencies. If the entity's presentation currency differs from its functional currency, its results and financial position are also translated into the presentation currency in accordance with IAS 21.38-.50 (IAS 21.19).	*Stand-alone entity preparing financial statements or an entity preparing separate financial statements* No similar requirement.
Hyperinflationary economy If the functional currency is the currency of a hyperinflationary economy, the entity's financial statements are restated in accordance with IAS 29 (IAS 21.14) (see "Hyperinflationary economies" section below).	*Hyperinflationary economy* Differences to IFRS exist (ASC 830-10-45-11 and 45-14) (see "Hyperinflationary economies" section below).
Reporting foreign currency transactions in the functional currency	
Initial recognition	*Initial recognition*

IFRS	U.S. GAAP
A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction (IAS 21.21). A rate that approximates the actual rate at the date of the transaction is often used (e.g., an average rate for a week or a month might be used for all transactions in each foreign currency occurring during that period if rates do not fluctuate significantly (IAS 21.22). The date on which an entity initially recognized a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration is the date that the entity uses to determine the exchange rate to initially record the transaction (IFRIC 22.8). If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration (IFRIC 22.9).	Similar to IFRS, at the date a foreign currency transaction is recognized, each asset, liability, revenue, expense, gain, or loss arising from the transaction shall be measured initially in the functional currency of the recording entity by use of the exchange rate in effect at that date (ASC 830-20-30-1). Similar to IFRS, it is acceptable to use averages or other methods of approximation. For example, because translation at the exchange rates at the dates the numerous revenues, expenses, gains, and losses are recognized is generally impractical, an appropriately weighted average exchange rate for the period may be used to translate those elements. Likewise, the use of other time- and effort-saving methods to approximate the results of detailed calculations is permitted (ASC 830-10-55-10).
Reporting at the end of subsequent reporting periods At the end of each reporting period (IAS 21.23): • Foreign currency monetary items are translated using the closing rate • Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction • Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined	*Reporting at the end of subsequent reporting periods* Similar to IFRS, at each balance sheet date, recorded balances that are denominated in a currency other than the functional currency of the recording entity are adjusted to reflect the current exchange rate (ASC 830-20-35-2). Similar to IFRS, nonmonetary balance sheet items and related revenue, expense, gain, and loss accounts shall be remeasured using historical rates to produce the same result in terms of the functional currency that would have occurred if those items had been initially recorded in the functional currency (ASC 830-10-45-18).
Recognition of exchange differences	*Recognition of exchange differences*

IFRS	U.S. GAAP
Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss in the period in which they arise, except as described in IAS 21.32 – exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation (IAS 21.28). When a gain or loss on a non-monetary item is recognized in OCI, any exchange component of that gain or loss is recognized in OCI. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss (IAS 21.30).	A change in exchange rates between the functional currency and the currency in which a transaction is denominated increases or decreases the expected amount of functional currency cash flows upon settlement of the transaction. That increase or decrease in expected currency cash flows is a foreign currency transaction gain or loss, and generally included in determining net income for the period in which the exchange rate changes (ASC 830-20-35-1). The exceptions to this requirement for inclusion in net income of transaction gains and losses are set forth in ASC 830-20-35-3 and pertain to certain intercompany transactions and to transactions that are designated as, and effective as, economic hedges of net investments Likewise, a transaction gain or loss (measured from the transaction date or the most recent intervening balance sheet date, whichever is later) realized upon settlement of a foreign currency transaction generally is included in determining net income for the period in which the transaction is settled, subject to the exceptions in ASC 830-20-35-3 (ASC 830-20-40-1).
Change in functional currency When there is a change in an entity's functional currency, the entity applies the translation procedures applicable to the new functional currency prospectively from the date of the change (IAS 21.35-.37).	*Change in functional currency* Once the functional currency for a foreign entity is determined, that determination is used consistently unless significant changes in economic facts and circumstances indicate clearly that the functional currency has changed. Previously issued financial statements are not restated for any change in functional currency (ASC 830-10-45-7).
Use of a presentation currency other than the functional currency	
Translation to the presentation currency	*Translation of foreign currency statements*

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>An entity may present its financial statements in any currency (or currencies). If the presentation currency differs from the entity's functional currency, it translates its results and financial position into the presentation currency as follows (IAS 21.38-.40):
Assets and liabilities are translated at the closing rate at the date of the statement of financial position
Income and expenses and OCI are translated at exchange rates at the dates of the transactions (or an average rate as an approximation)
All resulting exchange differences are recognized in OCI</td><td>Similar to IFRS, all elements of financial statements are translated by using a current exchange rate. For assets and liabilities, the exchange rate at the balance sheet date is used. For revenues, expenses, gains, and losses, the exchange rate at the dates on which those elements are recognized is used. (ASC 830-30-45-3 through 45-5). If an entity's functional currency is a foreign currency, translation adjustments result from the process of translating that entity's financial statements into the reporting currency. Translation adjustments are not included in determining net income but are reported in OCI (ASC 830-30-45-12).</td></tr>
<tr><td>Translation of a foreign operation

The results and financial position of a foreign operation follow normal consolidation procedures except that an intragroup monetary asset or liability cannot be eliminated against the corresponding intragroup liability or asset without showing the results of currency fluctuations in the consolidated financial statements. Any exchange difference is recognized in profit or loss unless IAS 21.32 applies in which case it is recognized in OCI (IAS 21.45).

IAS 21.46 provides guidance for when the foreign operation has a different reporting date than the reporting entity.

Goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate (IAS 21.47).</td><td>Translation of a foreign operation

Similar to IFRS, normal consolidation procedures apply (ASC 830-10-15-5 and ASC 830-30-45-10 and 45-17).

Similar to IFRS, after a business combination accounted for by the acquisition method, the amount assigned at the acquisition date to the assets acquired and the liabilities assumed (including goodwill or the gain recognized for a bargain purchase) is translated in conformity with the requirements of ASC 830 (ASC 830-30-45-11).</td></tr>
</table>

IFRS	U.S. GAAP
Accumulated translation adjustments attributable to noncontrolling interests When exchange differences relate to a foreign operation that is consolidated but not wholly-owned, accumulated exchange differences arising from translation and attributable to non-controlling interests are allocated to, and recognized as part of, non-controlling interests in the consolidated statement of financial position (IAS 21.41).	*Accumulated translation adjustments attributable to noncontrolling interests* Similar to IFRS, accumulated translation adjustments attributable to noncontrolling interests are allocated to and reported as part of the non-controlling interest in the consolidated enterprise (ASC 830-30-45-17).
Disposal or partial disposal of a foreign operation	
General An entity may dispose or partially dispose of its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity (IAS 21.49). On the disposal of a foreign operation, which results in a loss of control, the cumulative amount of the exchange differences relating to that foreign operation recognized in OCI and accumulated in the separate component of equity are reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognized (IAS 21.48). Upon the partial disposal of a subsidiary, where control is not lost, that includes a foreign operation, the entity re-attributes the proportionate share of the cumulative amount of the exchange differences recognized in OCI to the non-controlling interests in that foreign operation (IAS 21.48C).	*General* Like IFRS, if an entity loses control of a subsidiary, upon sale or complete or substantially complete liquidation of an investment in a foreign entity, the amount attributable to that entity and accumulated in the translation adjustment component of equity is removed from the separate component of equity and is reported as part of the gain or loss on sale or liquidation of the investment for the period during which the sale or liquidation occurs (ASC 830-30-40-1). Like IFRS, upon a reduction in ownership, where control is not lost, the carrying amount of accumulated other comprehensive income shall be adjusted to reflect the change in the ownership interest in the subsidiary through a corresponding charge or credit to equity attributable to the parent (ASC 830-30-40-2 and ASC 810-10-45-23 through 45-24).
Disposal other than a consolidated subsidiary In any other partial disposal of a foreign operation (e.g., a disposal of an equity investment) the entity reclassifies to profit or loss only the	*Disposal other than a consolidated subsidiary* For an equity method investment:

IFRS	U.S. GAAP
proportionate share of the cumulative amount of the exchange differences recognized in OCI (IAS 21.48C).	• Like IFRS if the equity method investment is completely disposed of, the exchange differences in OCI are reclassified to profit and loss. • If an investor loses significant influence in a partial disposal, unlike IFRS, the investor's proportionate share of an investee's equity adjustments for other comprehensive income shall be offset against the carrying value of the investment at the time significant influence is lost. To the extent that the offset results in a carrying value of the investment that is less than zero, an investor shall both (a.) reduce the carrying value of the investment to zero and (b.) record the remaining balance in income (ASC 830-30-40-2 and ASC 323-10-35-37 through 35-39).
Distinguishing between investments in a foreign entity and within a foreign entity IFRS does not distinguish between investments in a foreign entity and within a foreign entity.	*Distinguishing between investments in a foreign entity and within a foreign entity* Unlike IFRS, there is a distinction. Under U.S. GAAP, reclassifications of OCI occur only for disposals or partial disposals of investments in a foreign entity. For instance, disposing of a subsidiary **within** a foreign operation leads to cumulative exchange differences being reclassified in their entirety to profit and loss only if the foreign has been sold or liquidated. For partial liquidations or sales of a subsidiary within a foreign operation, no cumulative translation adjustment is released into net income until the criteria in ASC 830-30-40-1 are met (ASC 830-30-40-3.)
Intercompany foreign currency transactions that are of a long-term-investment nature	
IAS 21 does not provide for the deferral of gains on intercompany currency transactions that are of a long-term-investment nature.	Unlike IFRS, gains and losses on intercompany foreign currency transactions that are of a long-term-investment nature (that is, settlement is not planned or anticipated in the foreseeable future),

IFRS	U.S. GAAP
	when the entities to the transaction are consolidated, combined, or accounted for by the equity method in the reporting enterprise's financial statements, are not included in determining net income are reported in the same manner as translation adjustments (ASC 830-20-35-3). Translation adjustments are not included in determining net income but are reported in OCI (ASC 830-30-45-12).
Tax effects of all exchange differences	
Gains and losses on foreign currency transactions and exchange differences arising on translating the results and financial position of an entity (including a foreign operation) into a different currency may have tax effects. IAS 12 applies to these tax effects (IAS 21.50).	Similar to IFRS, whereas ASC 740 applies to exchange differences (ASC 830-20-45-3 and 45-5 and ASC 830-30-45-21).
Hyperinflationary economies	
General IAS 29 is applied to the financial statements, including consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy (IAS 29.1).	*General* Unlike IFRS, U.S. GAAP does not have a separate standard addressing highly inflationary economies. However, ASC 830-10-45-11 indicates that the financial statements of a foreign entity in a highly inflationary economy are remeasured as if the functional currency were the reporting currency. Accordingly, the financial statements of those entities are remeasured into the reporting currency according to the requirements of ASC 830-10-45-17.
Highly inflationary economies IAS 29 does not establish an absolute rate at which hyperinflation is deemed to arise. IAS 29.3 provides a list of characteristics that might	*Highly inflationary economies* For purposes of the requirement included in ASC 830-10-45-17, a highly inflationary economy is one that has cumulative inflation of

IFRS	U.S. GAAP
indicate hyperinflation, including when the cumulative inflation rate over three years is approaching, or exceeds 100%.	approximately 100% or more over a 3-year period (ASC 830-10-45-11).
Restatement of financial statements The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy, whether they are based on a historical cost approach or a current cost approach are stated in terms of the measuring unit current at the end of the reporting period (e.g., general price level index). The corresponding figures for the previous period required by IAS 1 and any information in respect of earlier periods is also stated in terms of the measuring unit current at the end of the reporting period. For the purpose of presenting comparative amounts in a different presentation currency, IAS 21.42(b) and .43 apply (IAS 29.8).	*Restatement of financial statements* Similar to IFRS, except that the entity remeasures its financial statements using the reporting currency as the functional currency, rather than considering the general price index level as in IFRS (ASC 830-10-45-11 and 45-14).
Translation to the presentation currency When an entity's functional currency is the currency of a hyperinflationary economy, the entity restates its financial statements in accordance with IAS 29 (see "Restatement of financial statements" subsection above) before applying the translation method set out in IAS 21.42, except for comparative amounts that are translated into a currency of a non-hyperinflationary economy (see IAS 21.42(b)) (IAS 21.43). The results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy are translated into a different presentation currency using the following procedures (IAS 21.42): • All amounts including comparatives are translated at the closing rate as of the date of the most recent statement of financial position	*Translation to the reporting currency* Unlike IFRS, in a highly inflationary economy the financial statements are required to be remeasured using the reporting currency as the functional currency, with translation gains and losses recognized in profit or loss (ASC 830-10-45-11).

IFRS	U.S. GAAP
• When amounts are translated into the currency of a non-hyperinflationary economy, comparative amounts are those that were presented as current year amounts in the relevant prior year financial statements (i.e., not adjusted for subsequent changes in the price level or subsequent changes in exchange rates)	
Hedges of a net investment in a foreign operation	
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment (IAS 21), are accounted for similarly to cash flow hedges (IAS 39.102). IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39 or IFRS 9. For convenience IFRIC 16 refers to such an entity as a parent entity and to the financial statements in which the net assets of foreign operations are included as consolidated financial statements (IFRIC 16.7). IFRIC 16.9 addresses: • The nature of the hedged risk and the amount of the hedged item for which a hedging relationship may be designated • Where in a group the hedging instrument can be held • What amounts are reclassified from equity to profit or loss as reclassification adjustments on disposal of the foreign operation	Similar to IFRS (ASC 815-20-25-66 and ASC 815-35-35-1 through 35-2).

10.3 Government grants and disclosure of government assistance

IFRS	U.S. GAAP
Relevant guidance: IAS 8 and 20	**Relevant guidance:** Recognition and measurement of government grants to business enterprises are not specifically addressed by U.S. GAAP; however, ASC 835 and ASC 832 provide guidance on interest and disclosure requirements, respectively.
Introduction	
IAS 20 is applied in the accounting for, and disclosure of, government grants and in the disclosure of other forms of government assistance (IAS 20.1). *Government* refers to government, government agencies and similar bodies whether local, national, or international (IAS 20.3). *Government grants* are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude government assistance which cannot reasonably have a value placed upon them and transactions with the government which cannot be distinguished from the normal trading transactions of the entity (IAS 20.3). *Government assistance* is action by the government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. Government assistance does not include benefits provided only indirectly through action affecting general trading conditions, such as the provision of infrastructure in development areas or the imposition of trading constraints on competitors (IAS 20.3).	Unlike IFRS, U.S. GAAP does not define government grants and there are no specific standards applicable to government grants.

IFRS	U.S. GAAP
Government grants	
General Government grants, including non-monetary grants at fair value, are not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received (IAS 20.7). Once a government grant is recognized, any related contingent liability or contingent asset is treated in accordance with IAS 37.27-.35 (IAS 20.11).	*General* Unlike IFRS, U.S. GAAP does not provide specific guidance on the accounting for government grants awarded to business entities. Business entities that receive government grants may consider accounting for these grants by analogizing to one of several recognition models, including the guidance on government grants and assistance in IAS 20, contribution revenues in ASC 958-605, or contingent gains in ASC 450-30. An entity must establish an accounting policy regarding which accounting model they choose to analogize to, which must be applied consistently.
Recognition Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which grants are intended to compensate (IAS 20.12). There are two broad approaches to the accounting for government grants (IAS 20.13): • Capital approach: under which a grant is recognized outside profit or loss • Income approach: under which a grant is recognized in profit or loss over one or more periods	*Recognition* Since no specific U.S. GAAP guidance exists, an entity may apply IFRS by analogy or analogize to other accounting standards.
Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support	*Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support*

IFRS	U.S. GAAP
Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognized in profit or loss of the period in which they become receivable (IAS 20.20).	No specific U.S. GAAP guidance exists, an entity may therefore apply IFRS by analogy or analogize to other accounting standards.
Government loan at below-market interest The benefit of a government loan at a below-market interest rate is a government grant. The loan is recognized and measured in accordance with IFRS 9. The benefit of the below market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. The entity considers the conditions and obligations that have been, or must be met when identifying the costs for which the benefit of the loan is intended to compensate (IAS 20.10A).	*Government loan at below-market interest* Interest free loans or below market rate loans are initially recognized at fair value in accordance with ASC 835-30-25.
Grants related to assets Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset (IAS 20.24). In the latter case, the grant is recognized in profit or loss through the reduction of the resulting depreciation expense (IAS 20.27).	*Grants related to assets* No specific U.S. GAAP guidance exists, an entity may therefore apply IFRS by analogy or analogize to other accounting standards.
Government grants that become repayable Government grants that become repayable are accounted for as a change in an accounting estimate (see IAS 8.32-.38 and IAS 20.32).	*Government grants that become repayable* No specific U.S. GAAP guidance exists, an entity may therefore apply IFRS by analogy or analogize to other accounting standards

IFRS	U.S. GAAP
Government assistance	
The significance of the benefit may be such that disclosure of the nature, extent, and duration of the assistance is necessary in order that the financial statements may not be misleading (IAS 20.36).	ASC 832-10-50-1 through 50-5 contains disclosure requirements for transactions with a government. The following list includes some of these disclosure requirements when applying a grant or contribution accounting model by analogy: • Information about the nature of the transactions and the related accounting policy used to account for the transactions • The line items on the balance sheet and income statement that are affected by the transactions, and the amounts applicable to each financial statement line item • Significant terms and conditions of the transactions, including commitments and contingencies.

10.4 Earnings per share

IFRS	U.S. GAAP
Relevant guidance: IAS 8 and 33	**Relevant guidance:** ASC 260
Introduction	
General The objective of IAS 33 is to prescribe principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same reporting period and between different reporting periods for the same entity (IAS 33.1).	*General* Similar to IFRS (ASC 260-10-05-1).

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>Scope

IAS 33 applies to entities (IAS 33.2):

• Whose ordinary shares or potential ordinary shares are traded in a public market (a domestic, or foreign stock exchange or an over-the-counter market, including local and regional markets); or

• That files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing ordinary shares in a public market.</td><td>Scope

Similar to IFRS, ASC 260 applies to entities (ASC 260-10-15-2):

• That have issued common stock or potential common stock (i.e., securities such as options, warrants, convertible securities, or contingent stock agreements) if those securities trade in a public market either on a stock exchange (domestic or foreign) or in the over-the-counter market, including securities quoted only locally or regionally

• That have made a filing or are in the process of filing with a regulatory agency in preparation for the sale of those securities in a public market</td></tr>
<tr><td colspan="2">Basic EPS</td></tr>
<tr><td>General

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period (IAS 33.10). The objective of basic earnings per share information is to provide a measure of the interests of each ordinary share of a parent entity in the performance of the entity over the reporting period (IAS 33.11).</td><td>General

Similar to IFRS (ASC 260-10-45-10).</td></tr>
<tr><td>Earnings used in basic EPS

The amounts attributable to ordinary equity holders of the parent entity is the profit or loss from continuing operations attributable to the parent entity and the profit or loss attributable to the parent entity both adjusted for the after-tax amounts of preference dividends, differences</td><td>Earnings used in basic EPS

Similar to IFRS, income available to common stockholders is computed by deducting both the dividends declared in the period on preferred stock (whether or not paid) and the dividends accumulated for the period on cumulative preferred stock (whether or not earned)</td></tr>
</table>

IFRS	U.S. GAAP
arising on the settlement of preference shares, and other similar effects of preference shares classified as equity (IAS 33.12-.18).	from income from continuing operations (if that amount appears in the income statement) and also from net income. Income available to common stockholders is also adjusted for the effects of the redemption or induced conversion of preferred stock (ASC 260-10-45-11 through 45-12).
Two-class method For those instruments that are not convertible into a class of ordinary shares, profit or loss for the period is allocated to the different classes of shares and participating equity instruments in accordance with their dividend rights or other rights to participate in undistributed earnings (IAS 33.A14).	*Two-class method* Similar to IFRS (ASC 260-10-45-60B).
Number of shares in basic EPS (denominator) The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances (IAS 33.19-.29).	*Number of shares in basic EPS (denominator)* Similar to IFRS (ASC 260-10-45-10 and 55-2, ASC Master Glossary, “Weighted-Average Number of Common Shares Outstanding”).
Weighted average number of ordinary shares The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources (e.g., bonuses and rights issues) (IAS 33.26).	*Weighted average number of ordinary shares* Similar to IFRS Standards (ASC 260-10-55-12 through 55-14).

IFRS	U.S. GAAP
Treasury shares Treasury shares are equity instruments reacquired and held by the issuing entity itself or by its subsidiaries and are therefore removed from the shares outstanding (IAS 33.IE2).	*Treasury shares* Similar to IFRS (ASC 260-10-45-10).
Diluted EPS	
General When calculating diluted earnings per share, an entity adjusts profit or loss attributable to ordinary equity holders of the parent entity, and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares (IAS 33.31). The objective of diluted earnings per share is consistent with that of basic earnings per share – to provide a measure of the interest of each ordinary share in the performance of an entity – while giving effect to all dilutive potential ordinary shares outstanding during the period (IAS 33.32).	*General* Similar to IFRS (ASC 260-10-45-16 and 45-21).
Earnings used in diluted EPS The profit or loss attributable to ordinary equity shareholders of the parent entity as calculated in accordance with IAS 33.12 (basic EPS) is adjusted by the after-tax effect of any (IAS 33.33): • Dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss attributable to ordinary equity holders of the parent entity as calculated in accordance with IAS 33.12	*Earnings used in diluted EPS* Similar to IFRS (ASC 260-10-45-40).

IFRS	U.S. GAAP
• Interest recognized in the period related to dilutive potential ordinary shares • Other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares	
Number of shares in diluted EPS (denominator) The number of ordinary shares is the weighted average number of ordinary shares calculated in accordance with IAS 33.19 and .26 (basic EPS), plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period or the date of the issue of the potential ordinary shares, if later (IAS 33.36).	*Number of shares in diluted EPS (denominator)* Similar to IFRS (ASC 260-10-45-40).
Interim calculations Dilutive potential ordinary shares are determined independently for each period presented. The number of dilutive potential ordinary shares included in the year-to-date period is not a weighted average of the dilutive potential ordinary shares included in each interim computation (IAS 33.37).	*Interim calculations* Unlike IFRS, the number of incremental shares included in the denominator for quarterly diluted EPS is computed using the average market prices during the three months included in the reporting period. For year-to-date diluted EPS, the incremental shares to be included in the denominator are determined by computing a year-to-date weighted average of the number of incremental shares included in each quarterly diluted EPS computation (ASC 260-10-55-3).
Potential ordinary shares Potential ordinary shares are weighted for the period they are outstanding. Potential ordinary shares that are cancelled or allowed to lapse during the period are included in the calculation of diluted earnings per share only for the portion of the period during which they are outstanding. Potential ordinary shares that are converted into	*Potential ordinary shares* Similar to IFRS (ASC 260-10-45-40 through 45-42).

IFRS	U.S. GAAP
ordinary shares during the period are included in the calculation of diluted earnings per share from the beginning of the period to the date of conversion; from the date of conversion, the resulting ordinary shares are included in both basic and diluted earnings per share (IAS 33.38).	
Method of determining whether potential shares are dilutive Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations (IAS 33.41).	*Method of determining whether potential shares are dilutive* Similar to IFRS (ASC 260-10-45-16 through 45-20).
Antidilutive sequencing In determining whether potential ordinary shares are dilutive or antidilutive, each issue or series of potential ordinary shares is considered separately rather than in the aggregate. The sequence in which potential ordinary shares are considered may affect whether they are dilutive. Therefore, to maximize the dilution of basic earnings per share, each issue or series of potential ordinary shares is considered in sequence from the most dilutive to the least dilutive (i.e., dilutive potential ordinary shares with the lowest earnings per incremental share are included in the diluted earnings per share calculation before those with a higher earnings per incremental share). Options and warrants are generally included first because they do not affect the numerator of the calculation (IAS 33.44).	*Antidilutive sequencing* Similar to IFRS (ASC 260-10-45-17 through 45-18).
Options, warrants and their equivalents The treasury share method is used when calculating diluted earnings per share. For the purpose of calculating diluted earnings per share, an entity shall assume the exercise of dilutive options and warrants of the entity. The assumed proceeds from these instruments shall be	*Options, warrants and their equivalents* Similar to IFRS (ASC 260-10-45-23 through 45-26). Unlike IFRS, when applying the treasury stock method, the number of incremental shares included in quarterly diluted EPS is computed using the average market prices during the three months included in

IFRS	U.S. GAAP
regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price of ordinary shares during the period shall be treated as an issue of ordinary shares for no consideration (IAS 33.45). Options and warrants have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the options or warrants (i.e., they are “in the money”). Previously reported earnings per share are not retroactively adjusted to reflect changes in prices of ordinary shares (IAS 33.47).	the reporting period. For year-to-date diluted EPS, the number of incremental shares to be included in the denominator is determined by computing a year-to-date weighted average of the number of incremental shares included in each quarterly diluted EPS computation (ASC 260-10-55-3).
Employee share options	
Goods or services to be provided in the future For share options and other share-based payment arrangements to which IFRS 2, *Share-based Payment*, applies, the issue price referred to in IAS 33.46 and the exercise price referred to in IAS 33.47 shall include the fair value (measured in accordance with IFRS 2) of any goods or services to be supplied to the entity in the future under the share option or other share-based payment arrangement (IAS 33.47A).	*Goods or services to be provided in the future* Similar to IFRS (ASC 260-10-45-28 through 45-32).
Employee options with vesting conditions in addition to service conditions Employee share options with fixed or determinable terms and non-vested ordinary shares are treated as options in the calculation of diluted EPS, even though they may be contingent on vesting. They are	*Employee options with vesting conditions in addition to service conditions* Similar to IFRS (ASC 260-10-45-28 through 45-32).

IFRS	U.S. GAAP
treated as outstanding on grant date. Performance-based employee share options are treated as contingently issuable shares because their issue is contingent upon satisfying specified conditions in addition to the passage of time (IAS 33.48).	
Convertible instruments	
The dilutive effect of convertible instruments shall be reflected in diluted earnings per share in accordance with IAS 33.33 and .36 (i.e., the numerator is adjusted, and the shares issued are assumed to be converted as of the start of the period) (IAS 33.49).	Similar to IFRS (ASC 260-10-45-40 through 45-42). However, unlike IFRS, U.S. GAAP requires the use of the if-converted method for calculating diluted EPS for all convertible instruments.
Contingently issuable shares – basic EPS	
Contingently issuable shares are treated as outstanding and are included in the calculation of basic earnings per share only from the date when all necessary conditions are satisfied (i.e., the events have occurred). Shares that are issuable solely after the passage of time are not contingently issuable shares, because the passage of time is a certainty. Outstanding ordinary shares that are contingently returnable (i.e., subject to recall) are not treated as outstanding and are excluded from the calculation of basic earnings per share until the date the shares are no longer subject to recall (IAS 33.24).	Similar to IFRS (ASC 260-10-45-12C through 45-13).
Contingently issuable shares – diluted EPS	
General As in the calculation of basic EPS, contingently issuable ordinary shares are treated as outstanding and included in diluted EPS if conditions are satisfied (i.e., the events have occurred). Contingently issuable shares are included from the beginning of the period (or from	*General* Similar to IFRS (ASC 260-10-45-48). However, unlike IFRS, for year-to-date computations, contingent shares are included on a weighted-average basis. That is, contingent

IFRS	U.S. GAAP
the date of the contingent share agreement, if later). If the conditions are not satisfied, the number of contingently issuable shares in the diluted EPS is based on the number that would be issuable if the end of the period were the end of the contingency period. Restatement is not permitted if the conditions are not met when the contingency period expires (IAS 33.52).	shares are weighted for the interim periods in which they were included in the computation of diluted EPS (ASC 260-10-55-3).
Contingently issuable depending on stock price The number of ordinary shares contingently issuable may depend on the future market price of the ordinary shares. If the effect is dilutive, the calculation of diluted EPS is based on the number of ordinary shares that would be issued if the market price at the end of the reporting period were the market price at the end of the contingency period. If the condition is based on an average of market prices over a period of time that extends beyond the end of the reporting period, the average for the period of time that has lapsed is used. Because the market price may change in a future period, the calculation of basic earnings per share does not include such contingently issuable ordinary shares until the end of the contingency period because not all necessary conditions have been satisfied (IAS 33.54).	*Contingently issuable depending on stock price* Similar to IFRS (ASC 260-10-45-52).
EPS calculation performed for year-to-date periods Under IFRS, the contingently issuable shares calculation is performed independently at each period end. If the conditions are not satisfied, the number of contingently issuable shares included in the diluted earnings per share calculation is based on the number of shares that would be issuable if the end of the period were the end of the contingency period (IAS 33.52).	*EPS calculation performed for year-to-date periods* Unlike IFRS, for year-to-date computations of EPS, any contingent shares shall be included on a weighted-average basis. That is, contingent shares shall be weighted for the interim periods in which they were included in the computation of diluted EPS (ASC 260-10-45-49).

IFRS	U.S. GAAP
Contracts that may be settled in cash or ordinary shares	
When an entity has issued a contract that may be settled in cash or ordinary shares at the entity's option, the entity always presumes that the contract will be settled in ordinary shares and includes the resulting potential ordinary shares in diluted EPS if the effect is dilutive (IAS 33.58). For contracts that may be settled in cash or ordinary shares at the holders' option, the more dilutive of cash settlement and share settlement is used in calculating diluted EPS (IAS 33.60).	Unlike IFRS, the effect of potential share settlement shall be included in the diluted EPS calculation (if the effect is more dilutive) for an otherwise cash-settleable instrument that contains a provision that requires or permits share settlement (regardless of whether the election is at the option of an entity or the holder, or the entity has a history or policy of cash settlement). For a share-based payment arrangement that is classified as a liability because of the requirements in paragraph 718-10-25-15 and may be settled in common stock or in cash at the election of either the entity or the holder, determining whether that contract shall be reflected in the computation of diluted EPS shall be prepared on the basis of the facts available each period. It shall be presumed that the contract will be settled in common stock and the resulting potential common shares included in diluted EPS (in accordance with the relevant guidance of this Topic) if the effect is more dilutive. The presumption that the contract will be settled in common stock may be overcome if past experience or a stated policy provides a reasonable basis to conclude that the contract will be paid partially or wholly in cash. (ASC 260-10-45-45 through 45-47).
Presentation	
General An entity presents in the statement of comprehensive income basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity and for profit or loss attributable to the ordinary equity holders of the parent entity for the period for each class of ordinary shares that has a different right to share in profit for the period. An entity presents basic	*General* Similar to IFRS (ASC 260-10-45-1 through 45-9).

IFRS	U.S. GAAP
and diluted EPS with equal prominence for all periods presented (IAS 33.66). If an entity presents items of profit or loss in a separate statement as described in IAS 1.10A, it presents basic and diluted earnings per share, as required in IAS 33.66-.67, in that separate statement (IAS 33.67A).	
Discontinued operations An entity that reports a discontinued operation in accordance with IFRS 5 discloses the basic and diluted amounts per share for the discontinued operation either in the statement of comprehensive income or in the notes (IAS 33.68).	*Discontinued operations* Similar to IFRS, an entity that reports a discontinued operation in a period shall present basic and diluted per-share amounts for that line item either on the face of the income statement or in the notes to the financial statements (ASC 260-10-45-3).
Presentation of loss per share An entity presents basic and diluted EPS even if the amounts are negative (i.e., loss per share) (IAS 33.69).	*Presentation of loss per share* Similar to IFRS Standards (ASC Master Glossary, “Earnings Per Share”).
Additional EPS basis presented	
If an entity discloses, in addition to basic and diluted earnings per share, amounts per share using a reported component of the statement of income other than one required by IAS 33, such amounts are calculated using the weighted average number of ordinary shares determined in accordance with IAS 33. Basic and diluted amounts per share relating to such a component are disclosed with equal prominence and presented in the notes. An entity indicates the basis on which the numerator is determined, including whether amounts per share are before tax or after tax. If a component of the statement of comprehensive income is used that is not reported as a line item in the statement of comprehensive income, a reconciliation is provided	Similar to IFRS, except the presentation of cash flow per share is prohibited (ASC 260-10-45-5 and 45-6). SEC Regulation G, Part 244 includes guidance on the disclosure of non-GAAP financial measures. Non-GAAP EPS calculations are not permitted under the SEC rules.

IFRS	U.S. GAAP
between the component used and a line item that is reported in the statement of comprehensive income (IAS 33.73). IAS 33.73 also applies to an entity that discloses, in addition to basic and diluted earnings per share, amounts per share using a reported item of profit or loss, other than one required by IAS 33 (IAS 33.73A).	
Retrospective adjustments	
Stock dividends or share splits If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue, or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those financial statements and any prior period financial statements presented are based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares is disclosed (IAS 33.64).	*Stock dividends or stock splits* Similar to IFRS, if the number of common shares outstanding increases due to a stock dividend or stock split or decreases as a result of a reverse stock split, the computations of basic and diluted EPS are adjusted retroactively for all periods presented. This is the case even if such changes occur after the close of the period but before issuance of the financial statements. If per-share computations reflect such changes in the number of shares that fact is disclosed (ASC 260-10-55-12).
Errors and changes in accounting policies Basic and diluted earnings per share of all periods presented are adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively (IAS 33.64 and IAS 8.19-.27 and .41-.48).	*Errors and changes in accounting policies* Similar to IFRS (ASC 260-10-55-15 through 55-16).
Restatement of EPS data for certain capital transactions The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for events, other	*Restatement of EPS data for certain capital transactions* Similar to IFRS (ASC 260-10-55-12 through 55-14).

IFRS	U.S. GAAP
than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources e.g., bonuses issue (stock dividends), share splits, reverse share splits, etc.) (IAS 33.26-.27).	

10.5 Events after the reporting period

IFRS	U.S. GAAP
Relevant guidance: IAS 1, 10, and 33; IFRS 3	**Relevant guidance:** ASC 205, 260, 470, 505, and 855; SEC SAB Topic 4:C
Introduction	
General The objective of IAS 10 is to prescribe (IAS 10.1): • When an entity adjusts its financial statements for events after the reporting period • The disclosures that an entity gives about the date when the financial statements were authorized for issue and about events after the reporting period	*General* The objective of ASC 855 is to establish principles and requirements for subsequent events (ASC 855-10-05-1).
Events after the reporting period Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified (IAS 10.3):	*Subsequent events* Similar to IFRS, subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. There are two types of subsequent events (ASC Master Glossary):

IFRS	U.S. GAAP
• *Adjusting events*: events that provide evidence of conditions that existed at the end of the reporting period • *Non-adjusting events*: events that are indicative of conditions that arose after the reporting period	• *Recognized subsequent events:* events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including estimates inherent in the process of preparing financial statements • *Nonrecognized subsequent events:* events that provide evidence about conditions that did not exist at the date of the balance sheet but arose subsequent to that date
Date through which events after the reporting period are evaluated	
General Events after the reporting period include all events up to the date when the financial statements are authorized for issue, even if those events occur after the public announcement of profit or of other selected financial information (IAS 10.7).	*General* An entity that meets either of the following criteria evaluates subsequent events through the date that the financial statements are issued (ASC 855-10-25-1A): • It is an SEC filer • It is a conduit bond obligor for conduit debt securities that are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets) Unlike IFRS, an entity that meets neither criterion in the preceding paragraph evaluates subsequent events through the date that the financial statements are available to be issued (ASC 855-10-25-2). This date may be later than when the financial statements are authorized for issue. Financial statements are considered issued when they are widely distributed to shareholders and other financial statement users for general use and reliance in a form and format that complies with GAAP. (U.S. Securities and Exchange Commission [SEC]

IFRS	U.S. GAAP
	registrants also are required to consider the guidance in paragraph 855-10-S99-2) (ASC Master Glossary).
Authorized for issue The process involved in authorizing the financial statements for issue will vary depending upon the management structure, statutory requirements and procedures followed in preparing and finalizing the financial statements. In some cases, an entity is required to submit its financial statements to its shareholders for approval after the financial statements have been issued. In such cases, the financial statements are authorized for issue on the date of issue, not the date when shareholders approve the financial statements. In some cases, the management of an entity is required to issue its financial statements to a supervisory board (made up solely of non-executives) for approval. In such cases, the financial statements are authorized for issue when the management authorizes them for issue to the supervisory board (IAS 10.4-.6).	*Financial statements are available to be issued* Financial statements are considered available to be issued when they are complete in a form and format that complies with GAAP and all approvals necessary for issuance have been obtained, for example, from management, the board of directors, and/or significant shareholders. The process involved in creating and distributing the financial statements will vary depending on an entity's management and corporate governance structure as well as statutory and regulatory requirements (ASC Master Glossary).
Recognition and measurement	
Adjusting events after the reporting period An entity adjusts the amounts recognized in its financial statements to reflect adjusting events after the reporting period (IAS 10.8). IAS 10.9 provides examples of adjusting events after the reporting period that require an entity to adjust the amounts recognized in its financial statements, or to recognize items that were not previously recognized.	*Recognized subsequent events* Similar to IFRS, an entity recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements (ASC 855-10-25-1). ASC 855-10-55-1 provides examples of recognized subsequent events.

IFRS	U.S. GAAP
Non-adjusting events after the reporting period An entity does not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the reporting period (IAS 10.10). An example of a non-adjusting event after the reporting period is a decline in fair value of investments between the end of the reporting period and the date when the financial statements are authorized for issue (IAS 10.11).	*Nonrecognized subsequent events* Similar to IFRS, an entity does not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date but before financial statements are issued or are available to be issued (ASC 855-10-25-3). ASC 855-10-55-2 provides examples of nonrecognized subsequent events.
Changes to the capital structure Ordinary share transactions and potential ordinary share transactions after the reporting period are non-adjusting events (IAS 33, *Earnings per Share,* requires an entity to disclose a description of such transactions, other than when such transactions involve capitalization or bonus issues, share splits or reverse share splits all of which are required to be adjusted under IAS 33) (IAS 10.22).	*Changes to the capital structure* Unlike IFRS, a capital structure change to a stock dividend, stock split or reverse split occurs after the date of the latest reported balance sheet but before the release of the financial statements or the effective date of the registration statement, whichever is later, such changes in the capital structure must be given retroactive effect in the balance sheet (ASC 505-10-S99-4).
Going concern / Liquidation basis of accounting	
General Management makes an assessment of an entity's ability to continue as a going concern, when preparing the entity's financial statements. An entity prepares financial statements 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 (even if management did not determine this until after the reporting period). If an entity's financial statements are not prepared on the going concern basis, management discloses what basis of accounting is used, but unlike U.S. GAAP, the use of the liquidation basis is not required. When management is	*General* Similar to IFRS, except: • The assessment period is within one year after the date that the financial statements are issued (or available to be issued) (ASC 205-40-50-1) • Disclosure is required when substantial doubt is alleviated about an entity's ability to continue as a going concern (ASC 205-40-50-12)

IFRS	U.S. GAAP
aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, the entity discloses those uncertainties. Unlike U.S GAAP, the assessment period is at least one year from the financial statement date (balance sheet date) with no upper time limit (IAS 1.25-.26 and IAS 10.14-.16).	• Disclosure is required when substantial doubt of an entity's ability to continue as a going concern is not alleviated (ASC 205-40-50-13) • An entity is required to use the liquidation basis of accounting in ASC 205-30 when the financial statements are not prepared on the going concern basis (ASC 205-40-05-01)
Liquidation basis of accounting Unlike U.S. GAAP, IFRS does not provide explicit guidance on when or how to apply the liquidation basis of accounting.	*Liquidation basis of accounting* An entity prepares its financial statements using the liquidation basis of accounting in ASC 205-30 when liquidation is imminent unless the liquidation follows a plan for liquidation that was specified in the entity's governing documents at the entity's inception (ASC 205-30-25-1).
Date of authorization for issue – disclosure	

An entity discloses the date when the financial statements were authorized for issue and who gave that authorization. If the entity's owners or others have the power to amend the financial statements after issue, the entity discloses that fact (IAS 10.17).	Unlike IFRS, if an entity is not an SEC filer, then the entity discloses both (ASC 855-10-50-1):
	• The date through which subsequent events have been evaluated
	• Whether that date is either:
	  – The date the financial statements were issued
	  – The date the financial statements were available to be issued
	
	Unless the entity is an SEC filer, an entity discloses in the revised financial statements the dates through which subsequent events have been evaluated in both of the following (ASC 855-10-50-4):
	• The issued or available-to-be-issued financial statements

IFRS	U.S. GAAP
	• The revised financial statements
Non-adjusting events after the reporting period – disclosure	
If non-adjusting events after the reporting period are material, non-disclosure could influence the economic decisions that users make on the basis of the financial statements. An entity discloses the following for each material category of non-adjusting event after the reporting period (IAS 10.21): • The nature of the event; and • An estimate of its effect, or a statement that such an estimate cannot be made. IAS 10.22 provides examples of non-adjusting events after the reporting period that would generally result in disclosure.	Similar to IFRS, some nonrecognized subsequent events may be of such a nature that they must be disclosed to keep the financial statements from being misleading. For such events, an entity discloses the following (ASC 855-10-50-2): • The nature of the event • An estimate of its financial effect, or a statement that such an estimate cannot be made
Reissuance of financial statements	
Reissuance of financial statements is not specifically addressed in IAS 10. However, IFRS recognizes only one date through which events after the reporting period are evaluated (i.e., the date that the financial statements are authorized for issue) even if they are reissued. Accordingly, an entity could have adjusting events in its reissued financial statements.	An entity may need to reissue financial statements, for example, in reports filed with the SEC or other regulatory agencies. After the original issuance of the financial statements, events or transactions may have occurred that require disclosure in the reissued financial statements to keep them from being misleading. Unlike IFRS, an entity does not recognize events occurring between the time the financial statements were issued or available to be issued and the time the financial statements were reissued unless the adjustment is required by U.S. GAAP or regulatory requirements. Similarly, an entity does not recognize events or transactions occurring after the financial statements were issued or were available to be issued in

IFRS	U.S. GAAP
	financial statements of subsequent periods unless the adjustment meets the criteria stated in ASC 855-10-25-4. Revised financial statements are considered reissued financial statements. For guidance on the recognition of subsequent events in reissued financial statements, see ASC 855-10-25-4 (ASC 855-10-50-5). Revised financial statements are those revised only for either (ASC Master Glossary, “Revised financial statements”): • Correction of an error • Retrospective application of U.S. GAAP
Cash dividends declared	
If an entity declares dividends to holders of equity instruments (as defined in IAS 32) after the reporting period, the entity does not recognize those dividends as a liability at the end of the reporting period because no obligation exists at that time (IAS 10.12 and .13). Such dividends are disclosed in the notes (IAS 10.13; IAS 1.137).	Similar to IFRS (ASC 855-10-25-3).
Retrospective adjustment for basic and diluted EPS	
Basic and diluted EPS are adjusted retrospectively for all periods presented if the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented are based on the new number of shares (IAS 33.64).	If after the balance sheet date but before the date the financial statements were issued or the date the financial statements were available to be issued an entity’s common shares outstanding either increase due to a stock dividend or stock split or decrease as a result of a reverse stock split, the computations of basic and diluted EPS are adjusted retroactively for all periods presented. If per-share computations reflect such changes in the number of shares that fact must be disclosed (ASC 260-10-55-12 and SEC SAB Topic 4.C).

IFRS	U.S. GAAP
Disclosure for business combinations	
IFRS 3 contains extensive disclosure requirements for each business combination effected during the current reporting period or after the end of the reporting period but before the financial statements are authorized for issue (IFRS 3.59-.63 and B64-B67).	ASC 805-10-50-1 through 50-4; ASC 805-20-50-1 through 50-3; and ASC 805-30-50-1 through 50-3 include disclosures that are to be provided if a material business combination is completed after the balance sheet date but before the financial statements are issued (unless not practicable) (ASC 855-10-55-2).
Current vs. non-current presentation of debt – breach of a provision of a long-term debt agreement	
When an entity breaches a provision of a long-term loan agreement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed after the reporting period and before the authorization of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least 12 months after that date (IAS 1.74).	Unlike IFRS, an entity classifies as current a long-term obligation that is or will be callable by a creditor because of the entity's violation of a provision of the debt agreement at the balance sheet date or because the violation, if not cured within a specified grace period, will make the obligation callable unless (ASC 470-10-45-11): • The creditor has waived or subsequently lost the right to demand repayment for more than one year (or operating cycle, if longer) from the balance sheet date; or • For long-term obligations containing a grace period within which the entity may cure the violation, it is probable that the violation will be cured within that period.
Refinancing of short-term obligations on a long-term basis	
An entity classifies its financial liabilities as current when they are due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue (IAS 1.72(b)).	Unlike IFRS, short-term obligations are classified as long-term if the entity intends to refinance the short-term obligation on a long-term basis and, prior to issuing the financial statements, the entity can demonstrate an ability to refinance the short-term obligation (ASC 470-10-45-12A though 45-13).

10.6 Operating segments

IFRS	U.S. GAAP
Relevant guidance: IFRS 8; IAS 34	**Relevant guidance:** ASC 280
Introduction	
General The core principle of IFRS 8 is that an entity discloses 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 (IFRS 8.1).	*General* Similar to IFRS (ASC 280-10-10-1).
Scope IFRS 8 applies to the separate or individual financial statements of an entity and the consolidated financial statements of a group with a parent (IFRS 8.2): • Whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or • That files, or is in the process of filing, its financial statements/consolidated financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market.	*Scope* ASC 280 applies to public entities that (ASC Master Glossary, “Public entity”): • Have issued debt or equity securities or are conduit bond obligors for conduit debt securities that are traded in a public market (a domestic or foreign stock exchange or an over-the counter market, including local or regional markets); • Are required to file financial statements with the SEC; or • Provide financial statements for the purpose of issuing any class of securities in a public market. ASC 280 does not apply to parent enterprises, subsidiaries, joint ventures, or investees accounted for by the equity method if those enterprises’ separate company statements also are consolidated or combined in a complete set of financial statements and both the separate company statements and the consolidated or combined

IFRS	U.S. GAAP
	statements are included in the same financial report, but does apply if their statements are issued separately (ASC 280-10-15-3).
Operating segments	
General An *operating segment* is a component of an entity (IFRS 8.5): • That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) • Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance • For which discrete financial information is available	*General* Similar to IFRS (ASC 280-10-50-1).
Operating segments with no revenue An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues (IFRS 8.5).	*Operating segments with no revenue* Similar to IFRS (ASC 280-10-50-3).
Chief operating decision maker The term chief operating decision maker (CODM) identifies a function, not necessarily a manager with a specific title. The function is to allocate resources to and assess the performance of the operating segments of an entity (IFRS 8.7).	*Chief operating decision maker* Similar to IFRS (ASC 280-10-50-5).
Matrix form of organization	*Matrix form of organization*

IFRS	U.S. GAAP
The characteristics in IFRS 8.5 may apply to two or more overlapping sets of components for which managers are held responsible. That structure is sometimes referred to as a matrix form of organization. For example, in some entities, some managers are responsible for different product and service lines worldwide, whereas other managers are responsible for specific geographical areas. The chief operating decision maker regularly reviews the operating results of both sets of components, and financial information is available for both. In that situation, the entity determines which set of components constitute the operating segments by reference to the core principle in IFRS 8.1 (IFRS 8.10).	Similar to IFRS; however, unlike IFRS 8, in a matrix form of organization, the components based on products and services would constitute the operating segments (ASC 280-10-50-9).
Reportable segments	
Aggregation criteria Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of IFRS 8, the segments have similar economic characteristics, and the segments are similar in each of the following respects (IFRS 8.12): • The nature of the products and services • The nature of the production processes • The type or class of customer for their products and services • The methods used to distribute their products or provide their services • If applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities	*Aggregation criteria* Similar to IFRS (ASC 280-10-50-11).
Quantitative thresholds	*Quantitative thresholds*

IFRS	U.S. GAAP
An entity reports separately information about an operating segment that meets any of the following quantitative thresholds (IFRS 8.13): • Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments • The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss • Its assets are 10 percent or more of the combined assets of all operating segments Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the financial statements (IFRS 8.13-.19).	Similar to IFRS (ASC 280-10-50-12 through 50-19).
Total external revenue reported by operating segments If the total external revenue reported by operating segments constitutes less than 75 per cent of the entity's revenue, additional operating segments shall be identified as reportable segments (even if they do not meet the criteria in IFRS 8.13) until at least 75 per cent of the entity's revenue is included in reportable segments.	*Total external revenue reported by operating segments* Similar to IFRS (ASC 280-10-50-14).
Disclosure	
Overall disclosures	*Overall disclosures*

IFRS	U.S. GAAP
An entity discloses the following for each period for which a statement of comprehensive income is presented (IFRS 8.21): • General information as described in IFRS 8.22 • Information about reported segment profit or loss, including specified revenues and expenses included in reported segment profit or loss, segment assets, segment liabilities and the basis of measurement, as described in IFRS 8.23–.27; and • Reconciliations of the totals of segment revenues, reported segment profit or loss, segment assets, segment liabilities and other material segment items to corresponding entity amounts as described in IFRS 28.	Similar to IFRS, except that the guidance specifically requires that an entity with a single reportable segment provide all required segment disclosures (ASC 280-10-50-20 through 50-31).
General information An entity shall disclose the following general information: • Factors used to identify the entity's reportable segments and types of products • Judgments made by management in aggregating segments under IFRS 8.12, including a brief description of the operating segments aggregated and economic indicators assessed in determining that the aggregated operating segments share similar economic characteristics • Types of products and services from which each reportable segment derives its revenues	*General information* Similar to IFRS, except that ASC 280 does not require disclosure of judgments made by management in aggregating segments. Unlike IFRS, an entity is required to disclose the title and position of the CODM (ASC 280-10-50-21).
Information about profit or loss An entity discloses a measure of profit or loss for each reportable segment (IFRS 8.23). Further, the following information is disclosed for	*Information about profit or loss* Similar to IFRS (ASC 280-10-50-22), except:

<table>
<tr><th>IFRS</th><th>U.S. GAAP</th></tr>
<tr><td>each reportable segment if the specified amounts are included in the measure of segment profit or loss reviewed by the chief operating decision maker, or are otherwise regularly provided to the chief operating decision maker, even if not included in that measure of segment profit or loss (IFRS 8.23):
• Revenues from external customers
• Revenues from transactions with other operating segments of the same entity
• Interest revenue and interest expense (separately reported unless certain conditions are met)
• Depreciation and amortization
• Material items of income and expense disclosed in accordance with IAS 1.97
• The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method
• Income tax expense or income
• Material non-cash items other than depreciation and amortization</td><td>• Unlike IFRS, an entity is explicitly permitted, but not required, to disclose additional measures of profit or loss if utilized by the CODM. If more than one measure is disclosed, all disclosure requirements, including significant segment expenses and reconciliations to consolidated income amounts, are required for each measure (ASC 280-10-50-28A to 28B).
• Unlike IFRS, an entity is required to disclose significant expense categories that are regularly reported to the CODM for each reportable segment. The guidance provides discussion of when an expense category may be considered significant (ASC 280-10-50-26A). The difference between reported segment revenues less significant expense categories is reported as other segment items, with qualitative disclosure of what expenses are included in other segment items (ASC 280-10-50-26B)</td></tr>
<tr><td>Information about assets and liabilities
An entity includes a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker (IFRS 8.23)
The following information is disclosed for each reportable segment if the specified amounts are included in the measure of segment assets reviewed by the chief operating decision maker or are otherwise</td><td>Information about assets and liabilities
Similar to IFRS, except:
• The term noncurrent assets as used in IFRS 8 is understood to include intangible assets.
• IFRS 8 requires disclosure of segment liabilities if such a measure is regularly provided to the chief operating decision maker. Unlike IFRS, ASC 280 does not require disclosure of a</td></tr>
</table>

IFRS	U.S. GAAP
regularly provided to the chief operating decision maker, even if not included in the measure of segment assets (IFRS 8.24): • Amount of investment in associates and joint ventures accounted for by the equity method • Amounts of additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets (see IAS 19), and rights arising under insurance contracts	measure of segment liabilities (ASC 280-10-50-20 through 50-26).
Entity-wide disclosures	
IFRS 8.32-.34 apply to all entities subject to IFRS 8 including those entities that have a single reportable segment. Information required by those paragraphs is provided only if it is not provided as part of the reportable segment information that is required (IFRS 8.31). *Information about products and services* An entity reports the revenues from external customers for each product and service or each group of similar products and services, unless the necessary information is not available and the cost to develop it would be excessive, in which case that fact is disclosed. The amount of revenues reported is based on the financial information used to produce the entity's financial statements (IFRS 8.32). *Information about geographical areas* An entity reports the information about geographical areas that is required by IFRS 8.33, unless the necessary information is not available and the cost to develop it would be excessive. *Information about major customers* An entity provides information about the extent of its reliance on its major customers. If revenues from transactions with a single external	Similar to IFRS (ASC 280-10-50-38 through 50-42).

IFRS	U.S. GAAP
customer amount to 10 percent or more of an entity's revenues, the entity discloses that fact, the total amount of revenues from each such customer, and the identity of the segment or segments reporting the revenues. The entity need not disclose the identity of a major customer or the amount of revenues that each segment reports from that customer. For purposes of IFRS 8, a group of entities known to a reporting entity to be under common control is considered a single customer. However, judgment is required to assess whether a government (including government agencies and similar bodies whether local, national or international) and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity considers the extent of economic integration between those entities (IFRS 8.34).	
Interim period information	
IAS 34, on interim financial reporting, requires an entity to report selected information about its operating segments in interim financial reports (IAS 34.16A(g)).	Unlike IFRS, all disclosures in ASC 280 are required on both an interim and annual basis (ASC 280-10-50-32).

10.7 Related party disclosures

IFRS	U.S. GAAP
Relevant guidance: IAS 24	**Relevant guidance:** ASC 740 and 850; SEC Regulation S-K, Item 402; SEC Regulation S-X, Rule 4-08(k)
Introduction	
General The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances including commitments, with such parties (IAS 24.1).	*General* Similar to IFRS (ASC 850-10-05-1).
Related party definition A related party is a person or entity that is related to the entity that is preparing its financial statements (IAS 24.9). A person or a close member of that person's family is related to a reporting entity if that person: • Has control or joint control over the reporting entity • Has significant influence over the reporting entity; or • Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. An entity is related to a reporting entity if any of the following conditions applies:	*Related party definition* Related parties are (ASC Master Glossary, "Related Parties"): • Affiliates of the enterprise • Entities for which investments in their equity securities would, absent the election of the fair value option under ASC 825, be required to be accounted for by the equity method by the enterprise • Trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management • Principal owners of the enterprise and members of their immediate families

IFRS	U.S. GAAP
• The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others) • One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) • Both entities are joint ventures of the same third party • One entity is a joint venture of a third entity and the other entity is an associate of the third entity • The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. • The entity is controlled or jointly controlled by a person identified above • A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) • The entity or any member of a group of which it is a part provides key management personnel services to the reporting entity or the parent of the reporting entity. "Key management personnel" are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly, or indirectly, including any director (whether executive or otherwise) of that entity (IAS 24.9).	• Management of the enterprise and members of their immediate families • Other parties with which the entity may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests • Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests Unlike IFRS, the term "key management personnel" is not used. Under US GAAP (ASC Master Glossary, "management"), management is defined as persons who are responsible for achieving the objectives of the entity and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management normally includes members of the board of directors, the chief executive officer, chief operating officer, vice presidents in charge of principal business functions (such as sales, administration, or finance), and other persons who perform similar policy making functions. Persons without formal titles also may be members of management.

IFRS	U.S. GAAP
In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form (IAS 24.10).	
Disclosures of related party transactions in separate and consolidated financial statements Disclosure of related party relationships, transactions, and outstanding balances, including commitments, are required in the consolidated and separate financial statements of a parent or investors with joint control of, or significant influence over, an investee presented in accordance with IFRS 10 or IAS 27. IAS 24 also applies to individual financial statements (IAS 24.3).	*Disclosures of related party transactions in separate and consolidated financial statements* It is not necessary to duplicate disclosures in a set of separate financial statements that is presented in the financial report of another enterprise if those separate statements are also consolidated or combined in a complete set of financial statements, and both sets of financial statements are presented in the same financial report (ASC 850-10-50-4).
Intercompany related party balances Related party transactions and outstanding balances with other entities in a group are disclosed in an entity's financial statements. Intragroup related party transactions and outstanding balances are eliminated, except for those between an investment entity and its subsidiaries measured at fair value through profit or loss, in the preparation of consolidated financial statements of the group (IAS 24.4).	*Intercompany related party balances* Disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements (ASC 850-10-50-1).
Disclosure of relationships between parents and subsidiaries	
Relationships between a parent and its subsidiaries are disclosed irrespective of whether there have been transactions between them. An entity discloses the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so is also disclosed (IAS 24.13).	Unlike IFRS, there is no requirement under U.S. GAAP to disclose the name of the parent, ultimate controlling party or the name of the next most senior party. If the reporting entity and one or more other enterprises are under common ownership or management control and the existence of that control could result in operating results or financial position of the reporting enterprise significantly different from those that would have

IFRS	U.S. GAAP
The requirement to disclose related party relationships between a parent and its subsidiaries is in addition to the disclosure requirements in IAS 27 and IFRS 12 (IAS 24.15).	been obtained if the enterprises were autonomous, the nature of the control relationship is disclosed even though there are no transactions between the entities (ASC 850-10-50-6). The name of the related party is disclosed if necessary to the understanding of the relationship (ASC 850-10-50-3).
Disclosure of key management personnel compensation	
An entity discloses key management personnel compensation in total and for each of the following categories (IAS 24.17): • Short term employee benefits (IAS 19) • Post-employment benefits (IAS 19) • Other long term benefits (IAS 19) • Termination benefits (IAS 19) • Share-based payment (IFRS 2) If an entity obtains key management personnel from another entity (the management entity), the entity is not required to apply the requirements in paragraph 17 (noted above) to the compensation paid or payable by the management entity to the management entity's employees or directors (IAS 24.17A).	Unlike IFRS, ASC 850 does not require disclosure of compensation arrangements, expense allowances, and other similar items in the ordinary course of business (ASC 850-10-50-1). SEC Regulation S-K, Item 402 requires disclosure of executive compensation. Such disclosures are outside of the entity's basic general purpose financial statements and are not required by U.S. GAAP.
Disclosure of transactions and outstanding balances	
If an entity has had related party transactions during the periods covered by the financial statements, it discloses the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the	Similar to IFRS, ASC 850 requires disclosure of material related party transactions, including (ASC 850-10-50-1): • Nature of the relationship

IFRS	U.S. GAAP

relationship on the financial statements. These disclosures are in addition to the requirements in IAS 24.17 to disclose key management personnel compensation. At a minimum, disclosures include (IAS 24.18):
• Amount of the transactions
• Amount of the outstanding balances, including commitments, and
  – Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement
  – Details of any guarantees given or received
• Provisions for doubtful accounts related to the amount of outstanding balances
• The expense recognized during the period with respect to bad or doubtful debts due from related parties
• Amounts incurred by the entity for the provision of key management personnel services provided by a separate management entity would be disclosed (IAS 24.18A).
The disclosures required by IAS 24.18 are made separately for the following categories (IAS 24.19):
• The parent
• Entities with joint control of, or significant influence, over the entity
• Subsidiaries
• Associates
• Joint ventures in which the entity is a joint venturer
	• Description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each period for which income statements are presented
	• Amount of the transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period
	• Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement
	• An entity that is a member of a group that files a consolidated tax return discloses in its separately issued financial statements (ASC 740-10-50-17):
	  – The amount of any tax-related balances due to or from affiliates as of the date of each balance sheet
	  – Principal provisions of the method by which the consolidated amount of current and deferred tax expense is allocated to members of the group and the nature and effect of any changes in that method (and in determining related balances to or from affiliates)
	Unlike IFRS, there is no specific requirement to disclose allowances for doubtful accounts related to the amount of related party outstanding balances.

IFRS	U.S. GAAP
• Key management personnel of the entity or its parent • Other related parties	
Disclosure of items of a similar nature	
Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity (IAS 24.24).	In some cases, aggregation of similar transactions by type of related party may be appropriate (ASC 850-10-50-3).
Other	
IAS 24 does not require that related party transactions be disclosed on the face of the financial statements.	Similar to IFRS, U.S. GAAP does not require that related party transactions be disclosed on the face of the financial statements. However, SEC registrants are required to disclose related party transactions on the face of their financial statements (SEC Regulation S-X, Rule 4-08(k)).

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