Year-end Financial Reporting Reminders

Extract, IFRS® Accounting Standards Discussion Group Report on the Meeting – December 3, 2024

The Group discussed several topics relating to the preparation of their 2024 year-end financial statements.

Issue 1: New tax regulations

There are several new tax regulations that will require consideration as part of the preparation of an entity's year-end financial statements.

Pillar Two Income Taxes

Background

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published the Pillar Two model rules (also known as the Global Anti-Base Erosion rules or GloBE rules) as part of an international tax reform to respond to taxation challenges in the digital economy. "Pillar Two income taxes" are income taxes arising from tax laws enacted, or substantively enacted, requiring the application of Pillar Two model rules.

Pillar Two aims to ensure that qualifying multinational enterprises (MNEs) pay a minimum level of tax of 15 per cent on income arising in each jurisdiction where they operate. It does this by requiring qualifying MNEs to pay a top-up tax when they have an effective tax rate of less than 15 per cent in any given jurisdiction. Qualifying MNEs are those with consolidated revenues in excess of €750 million (approximately $1 billion) in at least two out of the last four years.

On June 19, 2024, Bill C-69, which implements the global minimum tax rules into Canadian law, received royal assent. The legislation includes an income inclusion rule and domestic minimum top-up tax that applies to fiscal years of qualifying MNE groups starting on or after December 31, 2023. The legislation also incorporates the OECD guidance released since August 2023.

Amendments to IAS 12 *Income Taxes*

In May 2023, IAS 12 was amended to introduce a mandatory temporary exception from recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments became effective immediately upon issuance, and entities must disclose their application of the exception. The exception will remain in effect until the International Accounting Standards Board (IASB) decides to remove it or make it permanent.

The IASB also introduced disclosure requirements for periods when Pillar Two legislation is enacted or substantively enacted but not yet in effect, and for periods when it is enacted and effective. These additional disclosure requirements were effective for annual reporting periods beginning on or after January 1, 2023.

Key Considerations

MNEs must track the implementation of Pillar Two model rules in all jurisdictions where they operate, including subsidiaries, joint ventures, flow-through entities, and permanent establishments. Transitional “safe-harbour provisions” may apply, reducing top-up taxes to zero in jurisdictions that meet specific criteria. However, the rules, calculations, and application of these provisions are complex.

Impact of Pillar Two Taxes when Assessing Recoverability of Deferred Tax Assets

At its May 14, 2024, meeting, the Group discussed whether the impact of Pillar Two should be considered when assessing the recoverability of deferred tax assets arising under an entity’s existing corporate tax regime.

Based on the fact pattern discussed, most group members supported the view that Pillar Two is ignored when assessing the recoverability of deferred tax assets arising under a corporate tax regime. Several group members thought the intent of the temporary mandatory exception was clear in that no Pillar Two impacts should be reflected in the accounting for deferred tax assets or liabilities. Further details of this discussion can be found here.

Other Considerations

Entities should conduct and/or consider the following in the preparation of their year-end financial statements:

- Consider if new financial reporting controls and system updates are needed to manage the calculations and data requirements of Pillar Two income taxes.
- Identify whether there are any challenges to obtaining data necessary to perform the calculations based on the model rules.
- Monitor the implementation of the GloBE rules and other tax legislations in relevant jurisdictions, particularly on when the rules are substantively enacted in their tax laws.
- Engage with users to determine the appropriate level of disclosures for the 2024 annual financial statements.

Excessive Interest and Financing Expense Limitations (EIFEL)

Background

EIFEL are Canadian tax regulations designed to limit the deductibility of interest and financing expenses for corporations and trusts. These rules primarily apply to prevent tax avoidance through excessive interest deductions, particularly in scenarios where interest payments are made to related non-resident entities.

EIFEL limits the deductibility of net interest and financing expenses (IFE), generally capping them at a 30 per cent fixed ratio of adjusted taxable income. Any interest amounts denied under these rules are carried forward, providing taxpayers with the opportunity to offset them against future taxable income.

The EIFEL rules apply to taxation years beginning on or after October 1, 2023.

Exceptions to EIFEL

Exceptions to the EIFEL rules include:

- Canadian-controlled private corporations with taxable capital employed in Canada of less than $50 million.
- A group of corporations and trusts whose aggregate net interest expense among their Canadian members is $1,000,000 or less.
- Certain stand-alone Canadian-resident corporations and trusts, and groups consisting exclusively of Canadian-resident corporations and trusts that carry on substantially all of their businesses, undertakings, and activities in Canada.

A new definition was also included for exempt IFE, which provides a safe harbour for the public-private partnership industry. Essentially, the rules do not apply to limit the deductibility of IFE on third-party borrowings or other financing expenses that were entered into in respect of an agreement with a Canadian public sector authority to design, build, and finance real or immovable property owned by the public sector authority.

<u>Share Repurchase Tax (Buyback Tax)</u>

Background

As of January 1, 2024, Canada has implemented a two per cent tax on share repurchases by publicly listed entities. The tax is intended to reduce the incentive for corporations to repurchase shares as a way of returning capital to shareholders while avoiding the higher tax treatment of dividends. The Buyback Tax will apply to relevant transactions that occur on or after January 1, 2024, and does not include a safe harbour for equity issued prior to January 1, 2024.

The tax applies to Canadian-resident corporations (excluding mutual fund corporations) whose shares are listed on designated stock exchanges, real estate investment trusts, and specified investment flow-through trusts and partnerships.

<u>Disclosure Considerations</u>

Background

To comply with the disclosure requirements in paragraphs 79-88 of IAS 12, an entity should provide details on how the recently introduced tax legislation affects an entity's tax position, particularly the recognition, measurement, and recoverability of deferred tax assets. For example, EIFEL may result in certain finance expenses being disallowed for tax purposes but available for carry-forward, which may give rise to the recognition of deferred tax assets and required disclosures relating to such balances. Entities in scope of Pillar Two should be aware of the specific disclosure requirements in paragraph 88A-88D of IAS 12 relating to Pillar Two taxes, and the prohibition against disclosing information about deferred tax assets and liabilities relating to Pillar Two income taxes.

The Group's Discussion

The Group agreed with the analysis presented and raised several other points for consideration.

Pillar Two Income Taxes

One Group member noted that many entities may not be in scope of the Pillar Two model rules (e.g., entities that are not part of a qualifying MNE group). However, for those entities that are in scope of the Pillar Two model rules, there can be significant complexity involved in determining if a tax accrual should be recognized. Entities should also exercise caution when assessing their current and deferred taxes due to the mandatory exemption in IAS 12, which prohibits the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes.

One Group member reiterated the complexity of tax calculations under the Pillar Two model rules. Provided an entity is applying full Pillar Two model rules, effective tax rate calculations must be done at the jurisdictional level, which represents a change from current practice. It will also be important for entities to monitor when global minimum tax rules are enacted or substantively enacted in jurisdictions in which they operate as this can impact the amount of top-up taxes paid.

One Group member highlighted that Canadian subsidiaries of MNE groups may be impacted by Canada's domestic minimum top-up tax and, as a result, will need to consider whether a tax accrual should be recognized.

Other tax considerations

Other tax considerations raised by Group members are listed below:

- One Group member noted that the EIFEL rules could impact the recognition of an entity's deferred tax assets. This is because an entity may have higher taxable income in future periods if they are unable to make as many interest or financing expense deductions.
- One Group member encouraged large entities to carefully assess whether they would be in scope of Canada's digital services tax to determine whether a related tax accrual should be recognized.[2]

[2] The digital services tax requires foreign and domestic large businesses to pay tax on certain revenue earned from engaging with online users in Canada, provided they meet certain conditions. The Digital Services Tax Act received royal assent on June 20, 2024, and came into force on June 28, 2024.

- One Group member reaffirmed that entities are required to use tax rates that are substantively enacted when applying the requirements in IAS 12. As a result, entities should not be factoring in the proposed new capital gains inclusion rate for their 2024 year-end financial statements.[3]

Issue 2: Impact of amendments to IAS 1 *Presentation of Financial Statements*

Background

In January 2020, the IASB issued, "Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*,"* which addresses the classification of liabilities that are settleable through an entity's own shares (e.g., convertible debt). Convertible debt is a compound (or hybrid) financial instrument which includes a host liability and a conversion option held by the counterparty, which is classified as either an equity instrument or a liability applying IAS 32 *Financial Instruments: Presentation*.

Prior to the amendments, paragraph 69(d) of IAS 1 included a statement that, "terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification." The effect of this statement was that a bond that the holder may convert to equity before maturity is classified as current or non-current according to the terms of the bond, without considering the possibility of earlier settlement by conversion to equity. The IASB concluded that when it added this statement to paragraph 69(d) in 2009, it had intended the statement to apply only to liabilities that include a counterparty conversion option that meets the definition of an ***equity*** instrument in IAS 32.[4]

The amendments to IAS 1 clarify the IASB's intention. The amendments indicate that if the terms of a liability could, at the option of the counterparty, result in settlement of the liability by the transfer of the entity's own equity instruments ***and*** the option is classified as an ***equity*** instrument applying IAS 32, the option would ***not*** affect classification of the host liability as current or non-current. In contrast, if the option is classified as a liability, it would affect classification of the host liability as current or non-current (paragraph 76B of IAS 1). These amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are applicable retrospectively.

The Group discussed this topic at its May 2020 meeting. That discussion focused on analyzing how the amendments to IAS 1 should be applied when classifying convertible debt in several fact patterns. This topic was brought back to the Group with a specific focus on comparing approaches an entity may have taken in classifying convertible debt as current or non-current before the amendments to IAS 1, and whether such classification would change following the adoption of the amendments to IAS 1.

[3] Canada's 2024 budget announced a proposed increase in the capital gains inclusion rate from one-half to two-thirds for corporations. These changes would be effective for capital gains realized on or after June 25, 2024. As of December 31, 2024, the proposed legislation has not been substantively enacted.

[4] This is explained in the Basis for Conclusions to IAS 1 (paragraphs BC48G-48H).

In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1). These amendments clarify the criteria for classifying liabilities arising from loan arrangements where the entity's right to defer settlement for at least 12 months from the reporting date is subject to the entity complying with certain covenants. The amendments also introduce additional disclosure requirements for non-current loan liabilities subject to covenants. These amendments are effective for annual reporting periods beginning on or after January 1, 2024.

The Group discussed this topic at its September 2023 and December 2023 meetings. As the focus of the Group's discussion is on the classification of convertible debt and not loans with covenants, the October 2022 amendments were not discussed further.

Example 1: Convertible Debt – Conversion Feature is Equity

Fact Pattern

- Entity A issues a currency unit (CU) 100 note payable with an "American style" conversion option. That is, the holders of the option have the right to exercise the option rights at any time before maturity.
- The note is exercisable at the option of the holder at any time over the life of the note.
- Interest is payable at 10 per cent annually in arrears.
- If exercised, the conversion feature will result in the principal amount of the note being converted into 10 common shares of Entity A together with cash settlement of any accrued but unpaid interest.
- If not exercised, the note payable is repayable in five years. CU is the functional currency of Entity A.

Analysis

The note is a compound financial instrument containing:

- a financial liability (the note payable plus interest); and
- an equity instrument (the conversion feature).
- The conversion feature is an equity instrument because there is no obligation to pay cash and the conversion feature will result in a fixed amount of cash (the note) being exchanged for a fixed number of shares (i.e., the "fixed for fixed" test in IAS 32 *Financial Instruments: Presentation* is met).

The components of the compound financial instrument are classified as follows:

Components of Instrument	Classification and Rationale	
	Prior to the amendments	**After the amendments**
Financial liability – note payable (principal amount)	***Non-current*** Applying paragraph 69(d) of IAS 1, as applicable prior to the amendments, the conversion feature, which could result in the settlement of the liability by the issue of equity instruments, does not affect its classification. The principal is not due for 5 years; therefore, Entity A has the right to defer settlement for at least 12 months after the reporting period (paragraph 69(d) of IAS 1).	***Non-current*** Applying paragraph 76B of IAS 1, the conversion feature, which may be exercised by the holder at any time, does not affect the note's classification as current or non-current because the conversion feature is classified as an equity instrument. The principal is not due for 5 years; therefore, Entity A has the right to defer settlement for at least 12 months after the reporting period, assuming any covenants attached to the instrument are complied with at the reporting date (paragraph 69(d) of IAS 1).
Financial liability – accrued but unpaid interest	***Current*** Accrued but unpaid interest is not convertible into shares; therefore, its classification is unaffected by the conversion feature. Interest is payable annually in arrears; therefore, Entity A does not have the right to defer settlement for at least	***Current*** Accrued but unpaid interest is not convertible into shares; therefore, its classification is unaffected by the conversion feature. Interest is payable annually in arrears; therefore, Entity A does not have the right to defer settlement for at least

	12 months after the reporting period (paragraph 69(d) of IAS 1).	12 months after the reporting period (paragraph 69(d) of IAS 1).
Equity component – conversion feature	***Not applicable – equity*** Equity is not classified as current or non-current.	***Not applicable – equity*** Equity is not classified as current or non-current.

Example 2: Convertible Debt – Conversion Feature is a Derivative Financial Liability

Fact Pattern

Example 2 is identical to Example 1, except CU is not the functional currency of Entity A; its functional currency is foreign units (FU).

Analysis

The note is a hybrid financial instrument containing:

- a financial liability (the note payable plus interest); and
- a derivative financial liability (the conversion feature).
    - The conversion feature is a derivative financial liability because the conversion feature does not meet the "fixed for fixed" criteria in IAS 32. This is because the note payable is denominated in a currency other than Entity A's functional currency. Therefore, the amount of cash that will be required to settle the liability on conversion is not represented by a fixed amount of cash expressed in Entity A's functional currency. That is to say, the note that may be settled by the exercising of the conversion feature is fixed in terms of CU, but not in terms of FU, the functional currency of Entity A.

The components of the hybrid financial instruments are classified as follows:

Components of Instrument	**Classification and Rationale**		
	Prior to the amendments		**After the amendments**
	Approach #1*	**Approach #2***	
Financial liability – note payable (principal amount)	***Non-current*** Paragraph 69(d) of IAS 1, as applicable prior to the amendments, is interpreted to mean that the shares that would be issued upon the exercise of the conversion feature are equity instruments. Therefore, this settlement feature **does not affect** the classification of the liability. As the principal is not due for 5 years, Entity A has the right to defer settlement for at least 12 months after the	***Current*** Paragraph 69(d) of IAS 1, as applicable prior to the amendments, is interpreted to mean that the conversion feature **does affect** the classification of the liability, as it is classified as a derivative liability and not equity. Exercise of the conversion option is considered to be settlement of the host liability. As the conversion option is an American-style option, convertible any	***Current*** Applying paragraph 76B of IAS 1, the conversion feature, which may be exercised by the holder at any time, **does affect** the note's classification as current or non-current because the conversion feature is not classified as an equity instrument. Exercise of the conversion option is considered to be settlement of the host liability. As the conversion option is an American-style option, convertible any time prior to maturity, the entity does not have the right to defer settlement of the host liability for at least 12 months after the reporting period and the host liability is classified as current (paragraph 69(d) of IAS 1).

	reporting period (paragraph 69(d) of IAS 1). Therefore, the liability is classified as non-current.	time prior to maturity, the entity does not have the right to defer settlement of the host liability for at least 12 months after the reporting period and the host liability is classified as current (paragraph 69(d) of IAS 1).	
Financial liability – accrued but unpaid interest	***Current*** Accrued but unpaid interest is not convertible into shares; therefore, its classification is unaffected by the conversion feature. Interest is payable annually in arrears; therefore, Entity A does not have the right to defer settlement for at least 12 months after the reporting period (paragraph 69(d) of IAS 1).	***Current*** Accrued but unpaid interest is not convertible into shares; therefore, its classification is unaffected by the conversion feature. Interest is payable annually in arrears; therefore, Entity A does not have the right to defer settlement for at least 12 months after the reporting period (paragraph 69(d) of IAS 1).	***Current*** Accrued but unpaid interest is not convertible into shares; therefore, its classification is unaffected by the conversion feature. Interest is payable annually in arrears; therefore, Entity A does not have the right to defer settlement for at least 12 months after the reporting period (paragraph 69(d) of IAS 1).

Derivative financial liability – conversion feature	***Current*** The conversion feature may be exercised by the holder at any time, and therefore, Entity A does not have the right to defer its settlement for at least 12 months after the reporting period (paragraph 69(d) of IAS 1).	***Current*** The conversion feature may be exercised by the holder at any time, and therefore, Entity A does not have the right to defer its settlement for at least 12 months after the reporting period (paragraph 69(d) of IAS 1).	***Current*** The conversion feature may be exercised by the holder at any time, and therefore, Entity A does not have the right to defer its settlement for at least 12 months after the reporting period (paragraph 69(d) of IAS 1).

*At its December 2014 meeting the Group discussed the classification of convertible debt as current or non-current when the conversion feature is classified as a derivative liability. At the time, paragraph 69(d) of IAS 1 stated that "terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification." The question was whether this guidance could be applied to convertible debt with a conversion feature that is classified as a derivative liability. At that meeting most Group members supported the view (i.e., Approach #1 above) that the guidance in paragraph 69(d) could be applied by analogy on the basis that the derivative liability will not be settled by cash, but rather by the entity's own equity, even if it does not meet the "fixed-for-fixed" condition. However, some supported the view (i.e., Approach #2 above) that the guidance in paragraph 69(d) of IAS 1 could not be applied because they thought that paragraph 69(d) was written for equity instruments that meet the "fixed-for-fixed" condition in IAS 32. Since the requirements in paragraph 69(d) could be interpreted in multiple ways, Group members observed that there was diversity in the application of the requirements.

The Group's Discussion

The Group agreed with the analysis and examples presented dealing with the classification of convertible debt. Separate and apart from these examples, several Group members highlighted the need for entities to consider the new disclosure requirements for liabilities arising from loan arrangements that are classified as non-current but are subject to the entity complying with covenants within the next 12 months in their year-end reporting. They noted that entities with multiple debt instruments (e.g., real estate companies) may face more complexity in drafting the required disclosures. Some Group members also reiterated that when a loan covenant has been breached with the effect that the loan becomes payable on demand, judgment may be required in determining whether a lender's action to not demand immediate repayment is considered a waiver or period of grace since these terms are not defined in IAS 1.

Issue 3: IFRS 8 *Operating Segments* Disclosure for Each Reportable Segment

Background

In November 2023, the IFRS Interpretations Committee (Committee) discussed a submission about how an entity applies the requirements in IFRS 8 to disclose specified amounts related to segment profit or loss for each reportable segment. The Committee discussed the feedback on this tentative agenda decision at its June 2024 meeting, and published a final agenda decision in July 2024.

The Committee observed that there were two main aspects to the questions asked in the submission:

- the requirements of paragraph 23 of IFRS 8 to disclose, for each reportable segment, specified amounts included in segment profit or loss reviewed by the chief operating decision maker; and
- the meaning of "material items of income and expense" in the context of paragraph 97 of IAS 1 as referenced in paragraph 23(f) of IFRS 8.

At its September 2024 meeting, the Group discussed this agenda decision, and focused on the second part of the submission (i.e., the meaning of "material items of income and expense" under paragraph 23(f) of IFRS 8). Further details of this discussion can be found here.

Key Considerations

Determining whether one or more of an entity's expenses are "material items of income and expense" when applying paragraph 23(f) of IFRS 8 would be a matter of judgment based on the entity's facts and circumstances, and if information could reasonably be expected to influence the decisions of primary users of the financial statements. Even if an expense is material in the context of the financial statements taken as a whole, it may not be material for every reportable segment.

The impact of this agenda decision will vary depending on how an entity has been interpreting and applying the requirements of paragraph 23(f) of IFRS 8. Entities that previously limited disclosures to "unusual" items listed in paragraph 98 of IAS 1 may need to reconsider their approach more than those with a broader interpretation. Even if there is no direct impact on an entity, this agenda decision is expected to bring increased attention to segment disclosures. Entities are encouraged to revisit their segment disclosures, materiality judgments, and related documentation in light of the clarifications provided in this agenda decision.

The Group's Discussion

The Group agreed with the analysis. Several Group members reiterated that entities should revisit their segment disclosures at year-end in case changes are required and encouraged entities to document their materiality judgments. Some Group members also cautioned that entities would need to look beyond those circumstances listed in paragraph 98 of IAS 1 to determine what would qualify for disclosure as disclosure may be necessary for additional items of income or expense.

Issue 4: Amendments to IFRS 16 *Leases* for Sale-leaseback Transactions

Background

In September 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). These amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction. This is to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

In a sale and leaseback transaction, the seller-lessee assesses whether the transfer of the asset satisfies the requirements in IFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. If it is accounted for as a sale, paragraph 100(a) of IFRS 16 requires the seller-lessee to measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. However, IFRS 16 did not specify the measurement of the liability that arises in a sale and leaseback transaction. This has been addressed in the amendments which illustrates several measurement approaches.

These amendments apply retrospectively to annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

Key Considerations

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29-35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36-46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36-46 of IFRS 16, the seller-lessee determines lease payments, or revised lease payments, in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining lease payments that are different from the general definition of "lease payments" in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The Group's Discussion

The Group agreed with the analysis. One Group member reminded entities that variable lease payments should be considered by the seller-lessee when assessing the gain or loss to be recognized in a sale and leaseback transaction.

Issue 5: Disclosure of Climate-related Matters

When preparing year-end financial statements, entities should consider whether they have disclosed sufficient information about climate-related matters, including related risks and uncertainties, to meet existing disclosure requirements in IAS 1. These disclosure requirements include:

- providing additional disclosure when specific requirements in IFRS Accounting Standards are insufficient to meet users' needs (paragraph 31 of IAS 1); and
- providing information that is not presented elsewhere in the financial statements but is relevant to understanding them (paragraph 112(c) of IAS 1).

The Group also discussed how climate-related matters should be considered in the context of current IFRS Accounting Standards at its December 2023 meeting. Further information on this discussion can be found here as part of Issue 1: Disclosures about estimation uncertainties and sensitivities given market volatility.

Additional information related to the IASB's recent climate-related activities is outlined below:

- In July 2023, the IASB republished educational material entitled "Effects of climate-related matters on financial statements." This document highlights the long-standing requirements in IFRS Accounting Standards to report on the effects of climate-related matters when those effects are material.
- In July 2024, the IASB released an Exposure Draft, "Climate-related and Other Uncertainties in the Financial Statements." This Exposure Draft proposes to add eight illustrative examples to IFRS Accounting Standards with an objective to improve how the financial statements present and disclose financial information of climate-related and other risks. Responses to this Exposure Draft are currently being deliberated by the IASB and related guidance is therefore not effective for reporting entities.

The Group's Discussion

Group members agreed with the analysis presented and broadly concluded that the IASB's educational materials on climate-related matters were helpful resources. Some Group members recommended that entities document their conclusions to support whether a climate-related matter is material for disclosure. One Group member also encouraged entities to reassess whether existing climate-related disclosures remain appropriate as changes may have occurred between their reporting periods.

Overall, the Group's discussion raised awareness of year-end financial reporting reminders. No further actions were recommended to the AcSB.