AcSB Accounting Standards Board

IFRS® Accounting Standards Discussion Group Meeting Report – May 14, 2025

Extract, Financial Reporting Considerations Related to Tariffs

Background

The U.S. government has imposed new tariffs on certain goods imported into the United States, as well as reciprocal tariffs on many countries, through a series of executive orders issued in February and March 2025. On April 9, 2025, the U.S. government announced a 90-day pause on the reciprocal tariffs for most countries; however, baseline tariffs and country or industry-specific measures remain in place.

Canada has imposed retaliatory tariffs in response to the U.S. tariffs on goods imported from the United States. Other nations have also implemented retaliatory measures on goods imported from the United States, which may indirectly impact Canadian companies.

Significant uncertainty continues regarding the duration of the new tariffs and the scale of any further retaliatory actions. The impact on individual entities will depend on various factors, including their jurisdiction, industry, and the nature of their trading relationships. It is expected that most entities will experience some level of financial impact given the broad market volatility and macroeconomic disruptions caused by these trade measures. Management and other interested and affected parties must evaluate how these tariffs will affect an entity's financial reporting, considering its unique facts and circumstances.

Tariffs may affect businesses both directly and indirectly. For example, entities may be influenced by the expected duration and scale of existing tariffs, potential changes to existing tariffs or additional retaliatory measures. These factors could result in operational disruptions (e.g., lost revenues, supply chain interruptions, workforce shortages or facility closures) and liquidity challenges (e.g., customer-collectability issues, increased costs in supply chain or constrained financing options). Furthermore, financial and commodities markets have experienced significant volatility, leading to fluctuations in the share prices of many entities.

Consequently, tariffs may have broad implications across various areas of financial reporting, which entities will need to consider when preparing their financial statements. Some areas of financial reporting that may be impacted are outlined below:

- Inventory measurement (IAS 2 *Inventories*) – Increased costs due to import tariffs may lead to write-downs of inventory to net realizable value[1]
- Restructuring (IAS 37 Provisions, *Contingent Liabilities and Contingent Assets*) – Uncertainties and associated disruptions to traditional trade routes could lead to restructuring activities.

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[1] For manufacturing entities, unallocated fixed overhead costs attributable to operations below normal capacity would need to be expensed and not capitalized to inventory.

- Revenue recognition (IFRS 15 *Revenue from Contracts with Customers*) – Entities may need to carefully evaluate contract terms and estimates of variable consideration, and uncertainties may prompt entities to modify or even terminate contracts.
- Expected credit losses (IFRS 9 *Financial Instruments*) – Customers or borrowers (for those entities with lending activities) may be adversely affected by the tariffs, which could impact their ability to pay amounts due and could trigger impairment losses.
- Classification of debt with covenants as short term or long term (IAS 1 *Presentation of Financial Statements*) – Entities may no longer comply with covenants because of the current environment, which may lead to reclassification of debt to short term or additional disclosure requirements.
- Share-based payments (IFRS 2 *Share-based Payment*) – The number of equity instruments that are expected to vest may change in the current environment, or there may be other impacts to the inputs in valuation techniques.
- Going concern uncertainty (IAS 1) – The current environment may create uncertainty regarding an entity's ability to continue as a going concern.
- Other disclosure matters (IAS 1) – Entities are required to disclose 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 (e.g., non-current assets subject to impairment), within the next financial year.

The above considerations are not exhaustive.

The Group discussed four other key areas where financial reporting may be impacted because of the tariffs:

- impairment of non-financial assets (IAS 36 *Impairment of Assets*);
- onerous contracts (IAS 37);
- deferred tax asset recognition (IAS 12 *Income Taxes*); and
- events after the reporting period (IAS 10 *Events after the Reporting Period*).

Issue 1: Implication of tariffs on an entity's impairment assessment of non-financial assets (IAS 36)

Analysis

Indicators of impairment

When preparing interim and annual financial statements under IFRS Accounting Standards, management will need to assess whether there are any indicators that a company's non-financial assets may be impaired. At the reporting date, if there are indications that the carrying value of an asset or cash-generating unit

(CGU) might not be recoverable, IAS 36 requires an estimate of the recoverable amount of the asset or CGU.

Paragraph 15 of IAS 36 clarifies that the concept of materiality applies in identifying whether the recoverable amount of an asset or CGU needs to be estimated.[2]

For example, if previous calculations show that the recoverable amount of an asset or CGU is significantly greater than its carrying amount, an entity need not re-estimate its recoverable amount if no events have occurred that would eliminate that difference. Judgment will need to be applied in assessing whether tariffs could result in an elimination of this headroom. For entities with assets or CGUs that have little or no headroom, estimating the recoverable amount of the asset or CGU, following the introduction of these new tariffs, may be unavoidable.

Entities will need to consider both internal and external sources of information when assessing whether impairment indicators exist and the recoverable amount of an asset or CGU needs to be estimated. Such indicators are detailed in paragraph 12 of IAS 36 and could include:

- a share price decline resulting in the carrying amount of an entity's net assets exceeding its market capitalization;
- significant changes with an adverse effect have occurred, or will occur in the near future, in the market, economic or legal environment in which an entity operates; or
- supply chain disruptions and/or cost and demand changes indicating performance of an asset or CGU will be worse than expected.

The imposition of tariffs and related uncertainties at the reporting date may be an indicator that necessitates an impairment test. Uncertainties can be related to:

- the magnitude of tariffs in place and their expected duration;
- possible additional tariffs;
- retaliatory measures that have been proposed;
- the resulting direct and indirect impacts of tariffs on demand, prices and costs; and
- an entity's possible short-, medium-, and long-term responses to the tariffs and their likely effectiveness.

As a result of these uncertainties, management may need to apply significant judgment to determine whether the facts and circumstances indicate the need for an impairment test.

[2] This concept does not apply to an intangible asset with an indefinite useful life (or that is not yet available for use) and goodwill. Paragraph 10 of IAS 36 requires these assets to be tested for impairment at least annually.

Given the rapidly evolving situation, if an impairment test was performed prior to the balance sheet date, management should assess whether further developments between the testing date and the balance sheet date indicate that a new or updated test is required.

In previous reporting periods, some entities might have qualified to use the most recent detailed calculation of the recoverable amount of a CGU with allocated goodwill from a previous period for their impairment test, as outlined in paragraph 99 of IAS 36. However, it may be challenging to demonstrate that the criteria in paragraph 99 will be met in the current environment.[3]

An asset or a CGU is impaired when its recoverable amount, being the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU), is less than its carrying value. VIU is the present value of the future cash flows expected to be derived from an asset or a CGU. The FVLCD of an asset or a CGU reflects market-participant assumptions of fair value based on the requirements in IFRS 13 *Fair Value Measurement*.

Determining recoverable amount in an impairment test using FVLCD

Assuming an entity will need to develop a fair value model using market-participant assumptions, this model will need to reflect the tariffs in place and any further uncertainties that exist at the measurement date. These uncertainties could relate to the specific factors outlined above. Many of these uncertainties may be challenging to model and will require significant judgment and estimation when developing assumptions.

Some of these uncertainties may also be reflected in benchmark discount rates. In developing benchmark discount rates, it will be important for an entity to carefully consider an appropriate peer population. This may be influenced by the degree to which an entity expects the tariffs to affect it and whether it has as much flexibility as other entities to respond to the tariffs (e.g., an ability to shift production and/or sell to other markets).

An entity may also need to consider multiple probability-weighted cash flow scenarios in developing a fair value model. These scenarios should reflect the range of possible short-, medium- and long-term impacts that tariffs may have on demand, pricing, and costs, as well as the range and effectiveness of the entity's possible responses to the tariffs.

When using a modelling approach with multiple probability-weighted cash flow scenarios, it may be reasonable for an entity to contemplate scenarios where existing tariffs are adjusted or removed (even without a precise sunset date). Similarly, it may be reasonable for an entity to contemplate scenarios that include additional tariffs and retaliatory measures that have been proposed but have not yet been put in place. Some factors that suggest this is reasonable include the following:

- There is some market-participant sentiment that the existing tariffs and the proposal of further tariffs are negotiation tools for future trade treaties (i.e., some market participants view them as temporary, at least in part);

[3] The Group previously discussed the application of this paragraph at its May 30, 2017, meeting

- Market participants' responses to the tariffs so far may not clearly align with the view that the tariffs are permanent and share prices may not fully reflect the tariffs as permanent (however, the extent and duration of tariffs inherent in the above may not be entirely clear recognizing there may be many other factors influencing specific entity circumstances, such as the terms and duration of existing in place contracts with U.S. customers, the entity's ability to shift production and/or sell to other markets, etc.); and
- Retaliatory measures have been introduced and designed to influence future tariff removal or adjustments; however, they may also result in other direct and indirect impacts to be considered in scenario modelling (e.g., higher input costs or general inflationary and demand pressures domestically).

Further escalation is possible and the tariffs and their impacts on trade may persist and/or not return fully to its prior state. Therefore, the scenarios and probability weightings an entity develops should consider this and any shifting market-participant perspectives.

Recognizing there is considerable uncertainty at play, an entity may need to consider multiple reasonable and supportable tariff scenarios, each with varying entity responses and impacts. The underlying inputs and probabilities assigned to these various scenarios should be established recognizing the market-participant perspective required for fair value and that the resulting fair value should be the amount an entity could realistically expect to achieve in a current exit transaction.

Determining recoverable amount in an impairment test using VIU

Similar considerations as above for FVLCD also apply for VIU. In determining VIU, it would be reasonable to use a modelling approach with multiple probability-weighted cash flows that contemplate varying scenarios. However, there are additional considerations for a VIU approach under IAS 36.

An entity will need to develop a model using entity-specific assumptions in estimating the future cash inflows and outflows to be derived from the continuing use of an asset and from its ultimate disposal. This will require management to apply significant judgment, particularly when preparing forecasts that consider the potential duration and severity of tariff-related economic impacts. These forecasts must be approved by management and/or the board of directors and may require regular updates and approvals through the date of the impairment test.

Paragraph 33(a) of IAS 36 states that projections should represent "management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight shall be given to external evidence." Therefore, when using a modelling approach with multiple probability-weighted cash flow scenarios, entity-specific assumptions may contemplate that it may be reasonable to envision the future removal or adjustment to tariffs that are already in place.

The VIU model will need to abide by the limitations in paragraph 33 of IAS 36 with respect to the period covered by the forecasts (i.e., the model shall cover a maximum period of five years unless a longer period can be justified) and the growth rate to be used thereafter.

A VIU model must also abide by the restrictions in paragraph 44 of IAS 36, which do not permit the inclusion of future cash flows from future asset enhancements or restructuring activities that are not yet committed. Judgment may be required in assessing whether certain actions constitute a future restructuring and are, therefore, subject to the restrictions in IAS 36 for inclusion in VIU. These restrictions may result in VIU estimates being lower than FVLCD.

Disclosures

Management will need to consider the disclosure requirements in paragraph 125 of IAS 1 related to estimation uncertainty and the specific disclosure requirements in paragraphs 126-137 of IAS 36 related to impairment when determining what information to disclose.

Management will likely be required to exercise significant judgment in determining certain reasonable key assumptions, including its assumptions around the duration and magnitude of the tariffs, that reflect conditions existing at the balance sheet date. Detailed disclosure of an entity's key assumptions, including probability weights if multiple scenarios are used, and the evidence they are based on, may be critical. Sensitivity analysis disclosure (i.e., whether a reasonably possible change in a key assumption could result in impairment) may also be necessary.

For condensed interim financial statements, paragraph 15 of IAS 34 *Interim Financial Reporting* requires relevant disclosures explaining significant changes in an entity's financial position and performance since the end of the last annual reporting period. As a result, when there is risk of impairment, the condensed interim statements are likely to include the full suite of annual financial statement impairment testing disclosures.

Group members were asked whether they agree with the analysis presented and whether any additional considerations related to the impact of tariffs were identified.

The Group's Discussion

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

Two Group members highlighted the importance of internal consistency between the key judgments and estimates used in an entity's financial statements and the information an entity discloses in its other filing documents. For example, if an entity's management discussion and analysis (MD&A) includes disclosures around the potential impact of tariffs, these impacts should be reflected consistently in an entity's impairment assessment and related disclosures in the financial statements.

Two Group members highlighted the importance of continually reassessing whether an impairment indicator is observed because of the impact of the tariffs. Due to the evolving environment and the rapid pace at which tariffs are imposed or changed, an entity may need to be more vigilant in monitoring changes to the tariff landscape and macroeconomic factors to determine whether a new impairment indicator exists at the reporting period end that may not have existed previously, and whether the entity needs to conduct an impairment test.

One Group member acknowledged that it may be challenging for an entity to develop multiple probability-weighted cash flow scenarios to calculate the recoverable amount of an asset or CGU. They suggested that a helpful starting point for an entity could be to consider a best-case and worse-case scenario before determining whether additional scenario analysis is required. This Group member also noted that, if the cash flows in a probability-weighted cash flow model appropriately capture the impact of the tariffs, an entity should not also capture those same impacts in the discount rate.

Some Group members also raised the following considerations:

- Entities must use market-participant assumptions when determining the FVLCD of an asset or CGU and are encouraged to consider how these assumptions may change in the current environment.
- Complying with the disclosure requirements in paragraph 125 of IAS 1 is important. This paragraph requires an entity to disclose 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 amount of its assets and liabilities within the next financial year.
- There could be circumstances when it is appropriate to consider tariffs that have been announced but not enacted at the balance sheet date in an entity's probability-weighted cash flow scenarios, as an entity is not required to wait for a tariff to be enacted before it is included in an entity's cash flow projections, provided that the related changes in cash flows are based on reasonable and supportable assumptions. In addition, careful consideration should be made of the nature and quality of evidence to support any scenarios included in the probability-weighted cash flow scenarios that contemplate situations where there are or will be increases, decreases or other changes to tariffs enacted or effective at the reporting date.
- An entity must carefully consider how it will be impacted by the tariffs in determining whether it can apply paragraph 99 of IAS 36. An entity should consider entity-specific information and external evidence (e.g., changes in its market capitalization) when making this determination.

Issue 2: Implications of tariffs on an entity's onerous contract assessment (IAS 37)

Analysis

A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. 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 the failure to fulfill it.

An entity needs to review contracts to assess any special terms, such as force majeure clauses, which might relieve an entity from its obligations. Contracts that can be cancelled without paying compensation to the other party do not become onerous.

Under IAS 37, if a contract is considered onerous, an entity must recognize a provision, which is measured as the best estimate of the expenditure required to settle the obligation. This estimate represents the amount the entity would rationally pay to settle or transfer the obligation at the end of the reporting period.

Although in some cases the cost of tariffs borne by the importer will be passed along to their customers in the form of price increases, some existing contracts (e.g., supply or sales contracts) could potentially become onerous because of the incremental costs created by tariffs.

For example, if a purchase contract with a minimum threshold requires the purchaser to pay a substantial tariff, the contract could become loss-making if an entity's selling prices cannot sufficiently absorb the tariff and the entity cannot increase its selling prices enough. Even absent a minimum purchase requirement, an entity's input costs could increase because of tariffs on its direct imports or imports occurring elsewhere in its supply chain. Existing fixed price minimum volume sale contracts would need to be assessed to determine whether they have become onerous. Even though tariffs are generally paid by the purchaser, certain sales contracts may require the seller to reimburse the purchaser for the tariff costs. In such cases, the seller might find that its profit margin is insufficient to absorb the increased tariff cost, potentially leading to onerous contracts.

Paragraphs 36-44 of IAS 37 provide some guidance related to making best estimates and addressing risks and uncertainties when relevant. This guidance notes that when a single obligation is being measured, the individual most likely outcome may be the best estimate of the liability. However, even in such a case, an entity considers other possible outcomes. When other possible outcomes are either mostly higher or mostly lower than the most likely amount, the best estimate will be a higher or lower amount.

The risks and uncertainties that inevitably surround many events and circumstances shall be considered in reaching the best estimate of a provision. A risk adjustment may increase the amount at which a liability is measured. Caution is needed in making judgments under conditions of uncertainty, so that income or assets are not overstated, and expenses or liabilities are not understated.

Furthermore, in measuring a provision, IAS 37 provides guidance regarding how to consider future events:

- Paragraph 48 of IAS 37 states that: "Future events that may affect the amount required to settle an obligation shall be reflected in the amount of a provision where there is sufficient objective evidence that they will occur."

- Paragraph 50 of IAS 37 states that: "The effect of possible new legislation is taken into consideration in measuring an existing obligation when sufficient objective evidence exists that the legislation is virtually certain to be enacted. The variety of circumstances that arise in practice makes it impossible to specify a single event that will provide sufficient, objective evidence in every case. Evidence is required both of what legislation will demand and of whether it is virtually certain to be enacted and implemented in due course. In many cases sufficient objective evidence will not exist until the new legislation is enacted."

An entity will, therefore, need to consider when sufficient objective evidence exists that legislation related to the tariffs is virtually certain of enactment. This will need to be considered in determining when existing tariffs will come to an end or be reduced, as well as when new tariffs that have been proposed will be virtually certain of enactment into law. Navigating the requirements of IAS 37 in the situation at hand may be challenging and require significant judgment.

Group members were asked whether they agree with the analysis presented and whether any additional considerations related to the impact of tariffs were identified.

The Group's Discussion

The Group agreed with the analysis presented. Some Group members acknowledged that significant judgment may be required to determine when legislation or changes to legislation related to the tariffs is virtually certain of enactment in the current environment. This is because:

- many of the recent tariffs introduced by the U.S. government have been approved by executive order. Tariffs introduced in this way can be retracted, modified and/or replaced more rapidly than those introduced through conventional legislative processes; and
- the constant state of change of certain proposed tariffs may require more judgment to be applied when assessing whether the underlying legislation is virtually certain to be enacted and implemented in due course.

Some Group members also commented that in addition to assessing whether legislation related to the tariffs is virtually certain of enactment, an entity would need to consider the direct and indirect impacts of tariffs, including the inputs used to determine whether a contract is onerous and in measuring any onerous contract provision. For example, an entity might consider the impact of tariffs on the purchase cost of imported goods, as well as tariffs imposed elsewhere in the supply chain, and the impact of tariffs on expected sales prices and sales volumes, which may impact the "benefits expected to be received" under the contract. More judgment may be required when assessing the impacts of tariffs on contracts that are longer-term in nature.

Issue 3: Implications of tariffs on an entity's assessment of deferred tax asset (DTA) recognition (IAS 12)

Analysis

A DTA is recognized for deductible temporary differences, tax loss carryforwards and tax credits in scope of IAS 12, to the extent that it is probable sufficient future taxable profit will be available against which the deductible amounts can be utilized.

An entity must review its DTAs, both recognized and unrecognized, at each reporting date. An entity must reduce a DTA's carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to recover the asset. A DTA should subsequently be recognized if it becomes probable that sufficient taxable profit will be available.

The recognition of a DTA is supported by the existence of taxable temporary differences (which give rise to a deferred tax liability) relating to the same taxable entity and the same taxation authority, provided that these are expected to reverse in the same period as the deductible temporary differences or in periods into which a tax loss carryforward can be carried back or forward.

When sufficient reversing taxable temporary differences are unavailable, recognition of a DTA requires reliable and supportable forecasts of future taxable profits to demonstrate the likelihood of utilization. The tariffs and further uncertainties that exist at the balance sheet date will need to be considered in an entity's forecast of future taxable profit.

Many of these uncertainties may be challenging for an entity to model in its forecast of future taxable profits and will require significant judgment and estimation in developing assumptions. Assumptions made in a forecast of future taxable profit should generally be consistent with assumptions used in other forecasted models, such as the ones discussed in Issue 1 and Issue 2. Therefore, like other forecasts used in financial reporting, preparers will need to make assumptions about the expected duration and magnitude of tariffs and any possible changes thereto.

Paragraph 47 of IAS 12 states, "Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period 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."

However, the tariffs themselves are not in the scope of IAS 12 as they do not relate to income taxes or tax expenses as described or defined in the standard. The assumptions being made in relation to tariffs are like other non-income tax inputs into the forecast of future taxable profit, such as product price and demand or input costs. Therefore, it is appropriate to consider any further uncertainties that exist at the balance sheet date with respect to the tariff environment, similar to how they are considered in other forecast cash flow models.

Like the considerations for the impairment of assets, it may also be reasonable and necessary to consider multiple probability-weighted scenarios to forecast future taxable profit. However, forecasts of future taxable profits under IAS 12 are assessed on an undiscounted basis. Therefore, any risks or uncertainties that are incorporated into a discount rate in an impairment model must be reflected explicitly in the projected cash flows used for a DTA recoverability assessment (e.g., through scenario adjustments or probability weightings).

Group members were asked whether they agree with the analysis presented and whether any additional considerations related to the impact of tariffs were identified

The Group's Discussion

The Group agreed with the analysis presented and raised several other considerations.

Two Group members recognized that an entity which has had a history of recent losses will need to consider the requirements in paragraph 35 of IAS 12 to determine whether its DTAs are recoverable. The tariffs may create more uncertainty over whether there is convincing other evidence that an entity will have sufficient future taxable profit against which its tax losses can be utilized.

Two Group members observed that when assessing a DTA for recoverability, an entity is not evaluating whether to recognize a liability for tariff payments under IFRIC 21 *Levies*. Therefore, an entity should not wait for proposed tariffs to be enacted or substantively enacted into law before considering how these tariffs could affect its forecast of future taxable profits.

One Group member noted that an entity may have made changes to its transfer pricing arrangements in response to the tariffs and, as a result, should consider whether any uncertain tax positions have been created. IFRIC 23 Uncertainty over Income Tax Treatments provides the accounting and disclosure considerations when there is uncertainty over income tax treatments.

Issue 4: Implications of tariffs on an entity's assessment of events after the reporting period (IAS 10)

Analysis

"Events after the reporting period" are defined in paragraph 3 of IAS 10 as "those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue."

Paragraph 3 of IAS 10 also describes two types of events that can be identified:

- adjusting events that provide evidence of conditions that existed at the balance sheet date; and
- non-adjusting events that are indicative of conditions that arose after the balance sheet date.

Entities impacted by the tariffs will need to consider the requirements in IAS 10 related to subsequent events. Certain developments after the balance sheet date may be non-adjusting events.

For example, the enactment of a new tariff after the balance sheet date may be a non-adjusting event; however, it may confirm and/or may further inform how an entity reflected existing uncertainty at the balance sheet date with regards to the proposed tariffs in, for example, impairment testing. Therefore, a non-adjusting event cannot be ignored.

While it is necessary and appropriate that forward-looking information incorporate the uncertainty that was present at a balance sheet date, it would generally not be appropriate to revise that forward-looking information to fully reflect a non-adjusting event. For example, the understanding on March 31, 2025, of upcoming U.S. announcements about reciprocal tariffs on April 2, 2025, and possible retaliatory actions, likely affected forward-looking information used for the March 31, 2025, interim financial statements. However, reasonable assumptions as of March 31, 2025, about these uncertainties would not be adjusted to fully reflect actual events that occurred after the balance sheet date.

Finally, disclosure of material non-adjusting subsequent events is required, including an estimate of the financial effect of the event, if possible, or a statement that such an estimate cannot be made.

Group members were asked whether they agree with the analysis presented and whether any additional considerations related to the impact of tariffs were identified.

The Group's Discussion

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

One Group member recognized that assessing whether an event after the reporting period is an adjusting or non-adjusting event is a regular occurrence in financial reporting. However, they cautioned that this assessment could require a significant amount of judgment in the current environment, especially when hindsight is considered. They also highlighted that it is important for entities to carefully consider what information is available at the balance sheet date and provide robust disclosure around how that information is used in making significant judgments and estimates in the financial statements.

Two Group members encouraged entities to consider the impact of tariffs on the disclosure requirements in paragraph 17(c) of IAS 1. This paragraph requires an entity to provide additional disclosure when compliance with the specific requirements in IFRS Accounting Standards is insufficient to enable financial statement users to understand the impact of specific transactions or events on an entity's financial performance. One Group member indicated more robust disclosures may be required in interim period financial statements where the effect of tariffs represent a significant change to an entity's financial position or financial performance since the last annual reporting period (see paragraph 15C of IAS 34).

Finally, one Group member highlighted the importance of monitoring changes in tariffs to determine whether any adjusting or non-adjusting events are identified before the financial statements are authorized for issue.

Overall, the Group's discussion raised awareness of the impact of tariffs on an entity's financial reporting. No further actions were recommended to the AcSB.