

## **MONTHLY UPDATES (July 2025) – What’s new from the International Accounting Standards Board (IASB)**

The topics discussed at the IASB’s July 2025 meeting were on the following:

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#### **A. Research and standard-setting**

- 1. Financial Instruments with Characteristics of Equity**
- 2. Business Combinations—Disclosures, Goodwill and Impairment**
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#### **B. Maintenance and consistent application**

- 1. Consistent application activities**
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- 3. IFRIC Update June 2025**

#### **C. Strategy and governance**

- 1. Fourth Agenda Consultation**

## A. Research and standard-setting

### 1. Financial Instruments with Characteristics of Equity

The IASB met to continue redeliberating the Exposure Draft *Financial Instruments with Characteristics of Equity*. The IASB discussed:

- feedback on the proposed requirements related to the effects of relevant laws or regulations and an analysis of this feedback; and
- feedback on the proposed requirements related to reclassification of financial liabilities and equity instruments.

#### *Detailed feedback and staff analysis—Effects of relevant laws or regulations*

The IASB tentatively decided to withdraw the requirements proposed in the Exposure Draft related to the effects of relevant laws or regulations on the classification of financial instruments.

#### **Next steps**

The IASB will further discuss the proposed reclassification requirements and continue to redeliberate the classification topics in the Exposure Draft.

### 2. Business Combinations—Disclosures, Goodwill and Impairment

#### *IAS 36 proposals*

The IASB discussed other proposed amendments to IAS 36. The IASB tentatively decided to retain the proposals:

- (a) to require an entity to disclose the reportable segment in which a cash-generating unit or group of cash-generating units containing goodwill is included;
- (b) to remove the requirement for an entity to use pre-tax cash flows and a pre-tax discount rate for calculating value in use; and
- (c) to require an entity to disclose whether the discount rate used in calculating value in use is pre-tax or post-tax.

#### **Next step**

The IASB will continue redeliberating the proposals in the Exposure Draft.

### 3. Statement of Cash Flows and Related Matters

The IASB met to discuss how the requirements for management-defined performance measures (MPMs) in IFRS 18 *Presentation and Disclosure in Financial Statements* could be extended to also apply to cash flow measures. Extending these requirements would respond to stakeholder feedback that users of financial statements need more transparent information about cash flow measures not specified in IFRS Accounting Standards.

The IASB tentatively decided to propose extending the requirements for MPMs in IFRS 18 to also apply to measures relating to the statement of cash flows not specified in IFRS Accounting Standards (cash flow measures). The proposed requirements would apply to cash flow measures, subject to the definition of an MPM and the applicability of the related disclosure requirements.

The IASB tentatively decided to propose:

- (a) applying to cash flow measures, unchanged, the parts of the IFRS 18 definition of an MPM that describe an MPM as a measure that:
  - (i) an entity uses in public communications outside financial statements; and
  - (ii) an entity uses to communicate to users of financial statements management's view of an aspect of the financial performance of the entity as a whole; and
- (b) extending the rebuttable presumption for MPMs in IFRS 18 so it also applies to cash flow measures.

The IASB tentatively decided to propose extending the disclosure objective for MPMs and specific disclosure requirements for MPMs in IFRS 18 to also apply to cash flow measures. The IASB will further consider any drafting changes required when these disclosure requirements are applied to those measures—specifically, the requirements for an entity:

- (a) to disclose information about all measures that meet the definition of MPMs in a single note.
- (b) to disclose that the MPMs provide management's view of an aspect of the financial performance of the entity as a whole and are not necessarily comparable with measures sharing similar labels or descriptions provided by other entities.
- (c) to label and describe each MPM in a clear and understandable manner that does not mislead users of financial statements.
- (d) to disclose a description of the aspect of financial performance that, in management's view, is communicated by the MPM. The entity is required to include in this description explanations of why, in management's view, the MPM provides useful information about the entity's financial performance.
- (e) to disclose how each MPM is calculated.
- (f) to disclose a reconciliation between the MPM and the most directly comparable subtotal or total specified by IFRS Accounting Standards.
- (g) to disclose information if the entity changes how it calculates an MPM, adds a new MPM or ceases using a previously disclosed MPM—specifically, to disclose:
  - (i) an explanation that enables users of financial statements to understand the change, addition or cessation and its effects.
  - (ii) the reasons for the change, addition or cessation.
  - (iii) restated comparative information to reflect the change, addition or cessation unless it is impracticable to do so. An entity's selection of an MPM is not an accounting policy choice. Nonetheless, in assessing whether restating the comparative information is impracticable, an entity is required to apply the requirements in paragraphs 50–53 of *IAS 8 Basis of Preparation of Financial Statements*.

The IASB tentatively decided not to propose extending a requirement for MPMs in IFRS 18 to apply to cash flow measures. Specifically, the IASB tentatively decided not to propose extending the requirement for an entity to disclose the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation described in (f).

#### ***Next step***

The IASB will continue to assess potential ways to improve financial reporting in relation to each of the topics included in the project plan.

**B. Maintenance and consistent application**

**1. Consistent application activities**

The IASB met:

- to consider an agenda decision discussed at the June 2025 meeting of the IFRS Interpretations Committee (Committee) ; and
- to receive an update on that meeting.

**2. Assessing Indicators of Hyperinflationary Economies**

The IASB was asked whether it objected to the Agenda Decision *Assessing Indicators of Hyperinflationary Economies* (IAS 29 *Financial Reporting in Hyperinflationary Economies*).

No IASB member objected to the Agenda Decision.

***Next step***

The Agenda Decision will be published in July 2025 in an addendum to *IFRIC Update June 2025*.

## C. Strategy and governance

### Fourth Agenda Consultation

The IASB met to discuss the status and direction of the project.

IASB members expressed support for a concurrent agenda consultation with the ISSB, which involves initiating the process in late 2026 and publishing a request for information in 2027.

#### ***Next step***

The IASB will decide how to proceed with its Fourth Agenda Consultation at its September 2025 meeting.

***For further information: <http://www.ifrs.org>  
Financial Reporting Council***

**July 2025**