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Roadmap

Comparing IFRS Accounting Standards and U.S. GAAP: Bridging the Differences

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Preface

We are pleased to present the 2023 edition of *Comparing IFRS Accounting Standards and U.S. GAAP: Bridging the Differences*. This Roadmap provides an overview of the most significant differences between U.S. GAAP and IFRS® Accounting Standards — two of the most widely used accounting standards in the world.[1] The 2023 edition includes updated and expanded guidance that reflects standards effective as of January 1, 2024. Appendix D highlights substantive revisions to previous content.

Be sure to check out On the Radar (also available as a stand-alone publication), which briefly summarizes emerging issues and trends related to the accounting and financial reporting topics addressed in the Roadmap.

We hope you will find this Roadmap to be a useful resource in comparing IFRS Accounting Standards and U.S. GAAP, and we welcome your suggestions for improvements to it. If you need assistance applying the guidance or have other questions about this topic, we encourage you to consider consulting our technical specialists and other professional advisers.

[1] For the full titles of standards, topics, and regulations used in this publication, see Appendix B. For a list of abbreviations used in this publication, see Appendix C.

On the Radar

Although U.S. GAAP and IFRS Accounting Standards are built on largely similar concepts and often lead to similar accounting outcomes, there are many differences in the specific accounting requirements. Therefore, it can be difficult to directly compare financial statements that have been prepared under these different standards. Accordingly, professionals need to be mindful of the differences between U.S. GAAP and IFRS Accounting Standards when preparing, aggregating, consolidating, comparing, or interpreting financial information that involves both sets of accounting standards. For example, knowledge of such differences may be important when:

- U.S. entities negotiate transaction terms with entities that report under IFRS Accounting Standards (and vice versa).
- U.S. entities acquire entities that report under IFRS Accounting Standards (and vice versa).
- U.S. entities consolidate subsidiaries or other foreign operations that report under IFRS Accounting Standards (and vice versa).
- U.S. entities raise capital in foreign markets (or vice versa).
- U.S. entities provide financial statement information to a parent entity or other investors that report under IFRS Accounting Standards (and vice versa).
- Entities transition from IFRS Accounting Standards to U.S. GAAP (or vice versa).
- Practitioners seek to compare financial statement information prepared under U.S. GAAP and IFRS Accounting Standards.

Background

In 2002, the FASB and the International Accounting Standards Board (IASB®) set up a formal collaboration program that aimed to achieve convergence on major financial reporting topics. As a result of their collaboration, the boards issued largely converged accounting guidance on revenue recognition, business combinations, and fair value measurement, and the accounting guidance on stock compensation and earnings per share is also largely converged. However, the boards were unable to reach agreement on converged solutions in all areas; for example, despite initially working together on leases and credit losses, they were unable to converge their guidance on those topics. In addition, their objective of developing converged guidance on the classification and measurement of financial instruments, the distinction between liabilities and equity, derecognition of financial assets, and the accounting for postemployment benefits never made significant progress and proved unattainable. After the boards issued a largely converged revenue recognition standard in 2014, their joint work program was discontinued.

Although the differences between U.S. GAAP and IFRS Accounting Standards that are most significant to an entity will depend on its industry and activities, there are certain differences that entities commonly encounter. Some of these more significant differences pertain to financial assets (e.g., classification, derecognition, and measurement of credit impairments), financial liabilities (e.g., distinguishing liabilities from equity and bifurcation of convertible debt), and leases (e.g., subsequent measurement of right-of-use assets and presentation for certain leases). Please see more detailed discussions of these topics within this Roadmap.

In recent years, the two boards have been working largely independently of each other. For example, the IASB has issued a new standard on insurance contracts, and the FASB has issued ASUs to refine its guidance on revenue recognition, leases, stock compensation, and hedge accounting and has made significant changes to its guidance on convertible debt. Even when addressing similar issues, the boards have often formed different views; for example, they have each issued different guidance to address reference rate reform. The conclusions reached by interpretive bodies can also result in differences. For example, the IFRS Interpretations Committee has issued a large number of agenda decisions that affect how IFRS Accounting Standards are interpreted and applied.

Looking Ahead

As of the date of this publication, both the FASB and the IASB have a significant number of projects on their respective agendas to consider improvements to their existing guidance. Some look at common issues, but many of the issues are being addressed by only one board. Thus, both sets of accounting standards are likely to continue to change over the foreseeable future, and the issuance of new or revised guidance has the potential to create even more differences between the two sets of standards or to change the nature of existing differences.

This Roadmap provides an overview of key differences between IFRS Accounting Standards and U.S. GAAP. Entities should also consider other Deloitte Roadmaps, which contain more detailed descriptions of the differences between the two standards on specific financial reporting topics.

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Chapter 1 — Assets

1.1 Investments in Loans and Receivables

Under both IFRS Accounting Standards and U.S. GAAP, loans and receivables are classified into categories that drive the measurement of these instruments. However, there are significant differences between IFRS Accounting Standards and U.S. GAAP in how these instruments' classifications are determined. Further, measurement differences exist because of these classification differences. The table below summarizes the key differences in the accounting for investments in loans and receivables under the two frameworks.

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 310, ASC 326)
Classification and measurement categories	Financial assets (except those for which the fair value option (FVO) has been elected; see Section 5.5) are classified on the basis of both (1) the entity's business model for managing them and (2) their contractual cash flow characteristics. Three classification categories are used: • *Amortized cost* — The assets are held within a business model with the objective to collect contractual cash flows that are solely payments of principal and interest (SPPI). • *Fair value, with changes in fair value through other comprehensive income (FVTOCI)* — The assets have contractual cash flows that are SPPI and are held within a business model with the objective of both collecting contractual cash flows and selling financial assets. • *Fair value through profit or loss (FVTPL)* — The assets have contractual cash flows that are not SPPI or are not held within a business model with the objective to (1) collect contractual cash flows or (2) both collect contractual cash flows and sell financial assets.	Generally, loan receivables are classified on the basis of management's intent as either held for sale (HFS) or held for investment (HFI). Unless the FVO is elected (see Section 5.5), loan receivables are measured at either (1) the lower of cost or fair value (for HFS loans) or (2) amortized cost (for HFI loans).

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 310, ASC 326)
Recognition and measurement of impairment losses	*Expected-loss approach* — An impairment loss on a financial asset accounted for at amortized cost or at FVTOCI is recognized immediately on the basis of expected credit losses. Depending on the financial asset's credit risk at inception and changes in credit risk from inception, as well as the applicability of certain practical expedients, the measurement of the impairment loss will differ. The impairment loss would be measured on a discounted cash flow basis as either (1) the 12-month credit loss or (2) the lifetime expected credit loss. Further, for financial assets that are credit impaired at the time of recognition, the impairment loss will be based on the cumulative changes in the lifetime expected credit losses since initial recognition.	*Current expected credit loss approach* — An impairment loss on a loan or receivable accounted for at amortized cost is recognized immediately on the basis of expected credit losses. Entities have flexibility in measuring expected credit losses as long as the measurement results in an allowance that: • Reflects a risk of loss, even if remote. • Reflects losses that are expected over the contractual life of the asset. • Takes into account historical loss experience, current conditions, and reasonable and supportable forecasts. Use of the discounted cash flow model is not required.
Effective interest method	The effective interest rate is computed on the basis of the estimated cash flows that are expected to be received over the expected life of a loan by considering all of the loan's contractual terms (e.g., prepayment, call, and similar options) but not expected credit losses. Interest revenue is calculated on the basis of the gross carrying amount (i.e., the amortized cost before adjusting for any loss allowance) unless the loan (1) is purchased or originated credit impaired or (2) subsequently became credit impaired. In those cases, interest revenue is calculated on the basis of amortized cost (i.e., net of the loss allowance). If estimated receipts are revised, the carrying amount is adjusted to the present value of the future estimated cash flows, discounted at the financial asset's original effective interest rate (cumulative catch-up approach). The resulting adjustment is recognized within profit or loss.	The effective interest rate is computed on the basis of the contractual cash flows over the contractual term of the loan, except for (1) certain loans that are part of a group of prepayable loans and (2) purchased loans for which there is evidence of credit deterioration. For purchased credit-deteriorated assets, interest income is recognized on the basis of the purchase price plus the initial allowance accreting to the contractual cash flows. If estimated payments for certain groups of prepayable loans are revised, an entity may adjust the net investment in the group of loans, on the basis of a recalculation of the effective yield to reflect actual payments to date and anticipated future payments, to the amount that would have existed had the new effective yield been applied since the loans' origination/acquisition (retrospective approach), with a corresponding charge or credit to interest income.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 310, ASC 326)
Interest recognition on impaired loans	IFRS Accounting Standards do not permit nonaccrual of interest. However, for assets that have become credit-impaired, interest income is based on the net carrying amount of the credit-impaired financial asset.	There is no explicit requirement in U.S. GAAP for when an entity should cease the recognition of interest income on a receivable measured at amortized cost. However, the practice of placing financial assets on nonaccrual status is acknowledged by U.S. GAAP.
Loan modifications	A modification of the contractual cash flows of a financial asset is accounted for by derecognizing the original asset and recognizing a new asset if the modified terms are substantially different from the original terms. If the modified financial asset is accounted for as a new asset, a gain or loss is recognized on the basis of the difference between (1) the net carrying amount of the original asset and (2) the fair value of the consideration received (including the fair value of the modified asset). If the modified financial asset is *not* accounted for as a new asset, a modification gain or loss is recognized on the basis of the difference between (1) the gross carrying amount of the original asset and (2) the present value of the modified cash flows discounted by using the effective interest rate of the original asset.	A loan modification is accounted for as a new loan if both (1) the terms are at least as favorable to the lender as the terms for comparable loans to other customers with similar collection risks (i.e., effective yield is at least equal to the effective yield for comparable loans) and (2) the present value of the cash flows under the modified terms is at least 10 percent different from the present value of the remaining cash flows under the original terms (i.e., the modification is "more than minor"). If the loan is accounted for as a new loan, any unamortized net fees or costs and any prepayment penalties associated with the original loan are recognized in interest income. If the loan is *not* accounted for as a new loan, no gain or loss is recognized.

1.2 Investments in Debt and Equity Securities

Under both IFRS Accounting Standards and U.S. GAAP, investments in debt securities are classified into categories that affect the measurement of these instruments. But significant differences exist between the two frameworks in how these instruments' classifications are determined. In addition, measurement differences exist because of these classification differences. The table below summarizes the key differences in the accounting for investments in debt and equity securities under IFRS Accounting Standards and U.S. GAAP.

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 320, ASC 321, ASC 326)
Regular-way purchases and sales of financial assets — trade-date versus settlement-date accounting	An entity may elect as an accounting policy to apply trade-date or settlement-date accounting to each financial asset category defined in IFRS 9. However, trade-date or settlement-date accounting must be applied consistently to all financial assets in the same classification category.	Except for certain industries[1] in which trade-date accounting is required for "regular-way" transactions, U.S. GAAP does not provide guidance on whether a regular-way purchase or sale of a security should be recognized on a trade-date or settlement-date basis. An entity's accounting often depends on the industry in which it operates.
Classification and measurement — debt securities	Financial assets (except those for which the FVO has been elected; see Section 5.5) should be classified on the basis of both (1) the entity's business model for managing them and (2) their contractual cash flow characteristics. Three classification categories are used: • *Amortized cost* — The assets are held within a business model with the objective to collect contractual cash flows that are SPPI. • *FVTOCI* — The assets have contractual cash flows that are SPPI and are held within a business model with the objective of both collecting contractual cash flows and selling financial assets. • *FVTPL* — The assets have contractual cash flows that are not SPPI or are not held within a business model with the objective to (1) collect contractual cash flows or (2) both collect contractual cash flows and sell financial assets.	The determination of which classification category is applicable depends, in part, on management's intent and ability to hold the securities and is made on an instrument-by-instrument basis. Three classification categories are used: • *Held to maturity (HTM)* — Securities that the entity has the positive intent and ability to hold to maturity are accounted for at amortized cost. • *Available for sale (AFS)* — Securities that are not classified as held to maturity or trading are accounted for at FVTOCI. • *Trading* — Trading securities are accounted for at fair value through net income (FVTNI). Further, ASC 825-10 permits the election of an FVO under which the instrument would be accounted for at FVTNI (see Section 5.5).

[1] Industries that require trade-date accounting for "regular way" transactions under U.S. GAAP include depository and lending institutions (ASC 942-325-25-2), brokers and dealers (ASC 940-320-25-1), and investment companies (ASC 946-320-25-1).

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 320, ASC 321, ASC 326)
Classification and measurement — equity securities	An entity is required to measure equity securities at FVTPL except for qualifying investments that: • Are not held for trading. • The holder elects at initial recognition to account for at FVTOCI.	An entity is generally required to measure equity securities at FVTNI unless it elects to: • Measure qualifying equity securities that do not have a readily determinable fair value at cost less impairment, plus or minus qualifying observable price changes. • If fair value is not readily determinable, apply a practical expedient in qualifying circumstances to measure the fair value of investments in certain entities that calculate net asset value (NAV) per share at that amount.
Reclassification — debt securities	Reclassification of investments in debt securities is permitted only when an entity changes its business model for managing those investments. Such changes are expected to be infrequent because they must be (1) significant to the entity's operations, (2) determined by an entity's senior management, and (3) demonstrable to external parties. A change to an entity's business model occurs only if the entity begins or ceases to carry on an activity that is significant to its operations. For example, changes in intention related to particular investments (even if attributable to significant changes in market conditions) and transfers of financial assets between parts of the entity with different business models are *not* considered changes in the business model. There is no concept of "tainting" under IFRS 9.	Debt securities may be reclassified if there is a change in management's intent and ability to hold the investment, as outlined by ASC 320. Transfers into or from the trading category should be rare. Sales or transfers of HTM securities, except in limited circumstances, would "taint" the rest of the HTM securities classified in that category and result in reclassification of the remaining HTM securities to AFS.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 320, ASC 321, ASC 326)
Impairment — debt securities	Impairment losses on debt securities accounted for at amortized cost or at FVTOCI should be recognized immediately on the basis of expected credit losses. Impairment losses should be measured on a discounted cash flow basis as either (1) the 12-month expected credit loss or (2) the lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition and on the applicability of certain practical expedients. Further, for financial assets that are credit impaired at the time of recognition, the impairment loss will be based on the cumulative changes in the lifetime expected credit losses since initial recognition.	Recognition of the credit losses on HTM debt securities differs from that on AFS debt securities. *HTM debt securities* — An impairment loss is recognized immediately on the basis of expected credit losses. Entities have flexibility in measuring expected credit losses as long as the measurement results in an allowance that: • Reflects a risk of loss, even if remote. • Reflects losses that are expected over the contractual life of the asset. • Takes into account historical loss experience, current conditions, and reasonable and supportable forecasts. Use of the discounted cash flow model is not required. *AFS debt securities* — An impairment loss is recognized when the security's fair value is less than its amortized cost. As indicated in ASC 326, the recognition of an impairment loss depends on whether the 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" less any current-period credit loss. If the 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" less any current-period credit loss, the impairment loss is equal to the difference between the amortized cost basis and fair value. Any change in the impairment loss is recognized through earnings. If neither condition is met, the impairment loss is separated into the credit loss component (through earnings) and all other factors (through OCI). The credit loss component for an impaired AFS debt security is the excess of (1) the security's amortized cost basis over (2) the present value of the investor's best estimate of the cash flows expected to be collected from the security.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 320, ASC 321, ASC 326)
Impairment — equity securities	There is no assessment of impairment.	An entity should qualitatively consider impairment indicators if it has elected to measure qualifying equity securities that do not have a readily determinable fair value at cost less impairment, plus or minus qualifying observable price changes. Any impairment recognized should be reflected as a basis adjustment that reduces the carrying amount of the equity investment.

1.3 Investments — Equity Method and Joint Ventures

Both IFRS Accounting Standards and U.S. GAAP require the application of the equity method of accounting to certain investments (note that for IFRS Accounting Standards purposes, investees are referred to as associates). However, as shown in the table below, the standards differ in several respects in the determination of when and how the equity method should be applied.

Topic	IFRS Accounting Standards (IFRS 11, IFRS 3, IAS 28)	U.S. GAAP (ASC 323, ASC 808)
Scope — general	An investor must apply the equity method of accounting when it has significant influence over an investee unless the investment is in a venture capital organization or a mutual fund, unit trust, or similar entity (i.e., investment entities). For investment entities, the investor may account for its investments that would otherwise qualify for the equity method by using FVTPL. Because IFRS Accounting Standards do not include an FVO for equity method investments, the application of the FVO rather than the equity method is more limited than it is under U.S. GAAP.	An investor must apply the equity method of accounting when it has significant influence over an investee unless (1) it has elected the FVO or (2) it carries its investment at fair value under specialized industry accounting guidance applicable to investment companies. In these cases, the investor would record its interest at fair value. In addition, investments in partnerships or certain LLCs require the use of the equity method of accounting with as little as 3 percent to 5 percent ownership even if significant influence does not clearly exist.
Scope — investments in instruments other than common equity	The evaluation of significant influence is framed in reference to “voting rights,” which can arise from instruments other than ordinary common shares. However, the equity method of accounting may be applied only to ordinary shares or instruments that are substantively the same as ordinary shares.	An investor would apply the equity method of accounting for an investment in a corporation when it has significant influence over an investee and it holds an investment in common stock or in-substance common stock. In-substance common stock includes instruments that are substantially similar to common stock based on subordination, risks and rewards of ownership, and an obligation to transfer value.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 11, IFRS 3, IAS 28)	U.S. GAAP (ASC 323, ASC 808)
Applying the equity method of accounting — significant influence	Although IAS 28 provides considerations similar to those in U.S. GAAP for the evaluation of whether an investor holds significant influence over an investee, IFRS Accounting Standards do not provide explicit significant-influence investment thresholds for partnerships or LLCs.	The evaluation of significant influence is generally the same as it is under IFRS Accounting Standards. However, there is special guidance in U.S. GAAP for partnerships. An investment greater than 3 percent to 5 percent in a partnership or LLC that maintains specific ownership accounts is generally accounted for under the equity method of accounting even if the investor does not have significant influence.
Applying the equity method of accounting — potential voting rights	An investor should consider "potential voting rights that are currently exercisable or convertible" in evaluating significant influence. Instruments with potential voting rights contingent on future events or the passage of time would not be considered until the contingent event occurs or the specified time frame passes.	An investor would consider only "present voting privileges." Therefore, potential voting rights are generally disregarded.
Initial measurement — contingent consideration	Although IFRS Accounting Standards do not provide explicit guidance, contingent consideration is generally recognized at fair value by analogy to IFRS 3. Therefore, contingent consideration is generally recognized at its fair value on the acquisition date in accordance with IFRS 3. Subsequently, the liability is measured at fair value, with any changes in value recognized in the income statement.	Contingent consideration may be recognized in two scenarios: • When the contingent consideration meets the recognition criteria of U.S. GAAP (other than ASC 805), such as if the contingent consideration meets the definition of a derivative. • When the noncontingent consideration offered is less than the interest in the investee's underlying net assets.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 11, IFRS 3, IAS 28)	U.S. GAAP (ASC 323, ASC 808)
Initial measurement — nonmonetary contributions to investee for equity interests	IFRS Accounting Standards contain conflicting guidance, which the IASB attempted to resolve through a narrow-scope amendment. IAS 28 indicates that nonmonetary contributions should be recognized with partial gain recognition. This, however, conflicts with IFRS 10, which indicates that upon loss of control of a subsidiary, a parent should recognize full gain or loss. Therefore, when an entity contributes shares of a subsidiary in exchange for an equity method investment, the entity in effect has an accounting policy choice between applying the approach in IFRS 10 (full gain recognition) or IAS 28 (partial gain recognition) since both IFRS 10 and IAS 28 have equal standing under IFRS Accounting Standards.	The recognition of nonmonetary contributions to an equity method investee depends on whether the assets contributed are a business. If they are, ASC 810 would indicate that full gain or loss recognition is required (except if the transaction is the sale of in-substance real estate or a conveyance of oil and gas mineral rights). A contribution of nonfinancial assets or in-substance nonfinancial assets that is not an output of the entity's ordinary business activities (i.e., outside the scope of ASC 606) would generally be accounted for in accordance with ASC 610-20, which indicates that full gain or loss recognition is appropriate when the transaction meets the various recognition criteria described therein.
Subsequent measurement — losses in excess of interests	An investor is typically required to discontinue use of the equity method of accounting when the value of an investment reaches zero unless the investor has incurred legal or constructive obligations or made payments on behalf of the associate.	An investor generally discontinues use of the equity method of accounting when the value of an investment reaches zero unless the investor has guaranteed obligations of the investee or is otherwise committed to provide further financial support to the investee. However, unlike the treatment under IFRS Accounting Standards, an investor is required under U.S. GAAP to continue to recognize additional losses after the investment reaches zero if the imminent return to profitable operations appears to be assured.
Subsequent measurement — impairment	An entity must test an investment for impairment by comparing its recoverable amount (the higher of its value in use or its fair value less costs to sell) with its carrying amount whenever there is indication of any impairment. Impairment losses should be reversed in a subsequent period to the extent that the recoverable amount of the associate or joint venture increases.	An entity must record impairment or losses in value of an investment that represent an other-than-temporary decline. A reduction in the current fair value of an investment below its carrying amount may indicate a loss in value of the investment. Impairment losses cannot be reversed in subsequent periods.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 11, IFRS 3, IAS 28)	U.S. GAAP (ASC 323, ASC 808)
Subsequent measurement — differences in reporting periods	The investor's and investee's reporting dates must be the same unless it is impracticable for them to be the same. When it is impracticable, the dates must be no more than three months apart. Unlike U.S. GAAP, IFRS Accounting Standards require the investor to record its share of the associate's significant transactions or events that have occurred during the lag period.	A difference in reporting dates is permitted as long as it is not more than three months. An entity must disclose the effect of any transactions or events during the intervening period that materially affect the investor's financial statements.
Subsequent measurement — differences in accounting policies	An entity is required to make adjustments to an investee's financial statements to conform the investee's accounting policies to those of the reporting entity.	An entity is not required to make adjustments to financial statements when an investee and a reporting entity have different accounting policies; however, a reporting entity has the option of conforming an investee's accounting policies to those of the reporting entity.
Subsequent measurement — loss of significant influence	An investor would recognize any retained interest at fair value, with any difference between the fair value of the retained interest and the carrying value of the equity method investment recognized in the income statement.	When an investor loses significant influence over an investee, it recognizes any retained investment on the basis of historical cost and thus recognizes no gain or loss solely because of the loss of significant influence (and thus the discontinuance of the equity method of accounting). Note, however, that other U.S. GAAP subsequently applicable to the investment may require measurement at fair value, with changes recognized in income (e.g., ASC 321).

(Table continued)

Topic	IFRS Accounting Standards (IFRS 11, IFRS 3, IAS 28)	U.S. GAAP (ASC 323, ASC 808)
Joint arrangements — models	IFRS 11 defines a joint arrangement as an "arrangement of which two or more parties have joint control" and clarifies that joint control exists only when "decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement." IFRS 11 requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. IFRS 11 establishes two types of joint arrangements: (1) joint operations and (2) joint ventures, both distinguished by the rights and obligations of the parties involved. In a joint operation, the parties have rights to the underlying assets and obligations for the liabilities of the arrangement and should recognize their share of the assets, liabilities, revenues, and expenses arising from their interest. In a joint venture, the parties have rights to the net assets of the arrangement and should account for their interests by using the equity method of accounting. Further, a joint venture requires the use of a separate vehicle (e.g., a separate legal entity); otherwise, the arrangement is a joint operation. Note that the existence of a separate vehicle is not sufficient evidence on which to base a conclusion that the arrangement is a joint venture.	Before determining the appropriate accounting model to use, an entity must first assess whether the joint venture is a variable interest entity (VIE). If so, the entity must apply the consolidation model in ASC 810. If the VIE is not consolidated under ASC 810, the entity must determine which of the following two accounting models is appropriate to use: *Joint operations not involving a legal entity* — ASC 808, and not ASC 323, addresses jointly controlled operations not primarily conducted through a legal entity. Under ASC 808, a joint operator must be (1) an active participant in the joint operations conducted primarily outside of a legal entity and (2) exposed to significant risks and rewards dependent on commercial success of the joint activity. *Jointly controlled entities* — These are entities, such as joint ventures, for which all significant decisions regarding the financing, development, sale, or operations require the approval of two or more of the owners. Investors with joint control would generally be able to apply the equity method of accounting.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 11, IFRS 3, IAS 28)	U.S. GAAP (ASC 323, ASC 808)
Initial contribution of nonmonetary assets that meet the definition of a business to a joint venture	An accounting policy election of one of the following three approaches may be taken (unless a venturer adopted the amendments proposed by the IASB in September 2014 before it indefinitely deferred them in December 2015): • *Approach A (based on the September 2014 amendments to IFRS 10 and IAS 28)* — In a transaction involving a joint venture, the extent of gain or loss recognition by the venturer depends on whether the assets sold or contributed constitute a business. When an entity (1) sells or contributes assets that constitute a business to a joint venture or (2) loses control of a subsidiary that contains a business but retains joint control, the gain or loss resulting from that transaction is recognized in full. • *Approach B (based on the guidance in IAS 28 before the adoption of the September 2014 amendments)* — Paragraph 28 of IAS 28 states that any gain or loss is recognized by the venturer "only to the extent of unrelated investors' interests in the . . . joint venture." • *Approach C (based on the guidance in IFRS 10 before the adoption of the September 2014 amendments)* — Under IFRS 10, the venturer derecognizes all the net assets of the former subsidiary and recognizes at fair value any consideration received and any retained interest in the former subsidiary.	A gain or loss is recognized as the difference between the following: • The sum of (1) the fair value of any consideration received, (2) the fair value of any retained noncontrolling investment in the net assets as of the date of the contribution (the date control is lost), and (3) the carrying amount of any noncontrolling interest in the net assets as of the date of the contribution (the date control is lost). • The carrying amount of the net assets contributed as of the date of the contribution (the date control is lost).

(Table continued)

Topic	IFRS Accounting Standards (IFRS 11, IFRS 3, IAS 28)	U.S. GAAP (ASC 323, ASC 808)
Initial contribution of nonmonetary assets that do *not* meet the definition of a business to a joint venture	An accounting policy election of one of the following three approaches may be taken (unless a venturer adopted the amendments proposed by the IASB in September 2014 before it indefinitely deferred them in December 2015): • *Approach A (based on the September 2014 amendments to IFRS 10 and IAS 28)* — In a transaction involving a joint venture, when the venturer (1) sells or contributes assets that do not constitute a business to a joint venture or (2) loses control of a subsidiary that does not contain a business but retains joint control in a transaction involving a joint venture, the gain or loss resulting from that transaction is recognized only to the extent of the unrelated investors' interests in the joint venture (i.e., the entity's share of the gain or loss is eliminated). A new example added to IFRS 10 (Appendix B, Example 17) illustrates the appropriate accounting in such circumstances. • *Approach B (based on the guidance in IAS 28 before the adoption of the September 2014 amendments)* — Paragraph 28 of IAS 28 states that a gain or loss is recognized by the venturer "only to the extent of unrelated investors' interests in the . . . joint venture." • *Approach C (based on the guidance in IFRS 10 before the adoption of the September 2014 amendments)* — Under IFRS 10, the venturer derecognizes all the net assets of the former subsidiary and recognizes at fair value any consideration received and any retained interest in the former subsidiary.	Generally, venturers recognize the initial contributions of nonmonetary assets that do not meet the definition of a business at fair value and may recognize a gain if applicable.

1.4 Inventories

The definitions of "inventory" under IFRS Accounting Standards and U.S. GAAP are essentially the same. The primary differences between the two frameworks regarding the accounting for inventories relate to costing methods and impairment reversals, as summarized in the table below.

Topic	IFRS Accounting Standards (IAS 2)	U.S. GAAP (ASC 330)
Costing methods (cost formulas)	First-in, first-out (FIFO) and weighted-average cost are acceptable accounting methods for determining cost of inventory. Last-in, first-out (LIFO) is not permitted. The specific identification method is required for inventory items that are not ordinarily interchangeable and for goods or services produced and segregated for specific projects.	FIFO, LIFO, weighted-average cost, and specific identification are acceptable accounting methods for determining cost of inventory.
Consistency of costing methods (cost formulas)	The same costing method must be applied to all inventories that have a similar nature and use to the entity.	There are no similar requirements under U.S. GAAP.
Reversal of impairment losses	An entity must reverse impairment losses and corresponding increases in inventory up to the original carrying value.	An entity is prohibited from reversing impairment losses.

1.5 Intangible Assets

The table below shows the differences that exist between IFRS Accounting Standards and U.S. GAAP in several key areas of intangible assets, including (1) advertising costs, (2) development costs, (3) in-process research and development (IPR&D) costs, and (4) revaluation.

Topic	IFRS Accounting Standards (IAS 38)	U.S. GAAP (ASC 350, ASC 720, ASC 985-20)
Advertising costs	Advertising costs are expensed as incurred. A prepaid asset can be recognized when payment has been made "*in advance of the entity obtaining a right to access those goods [or] receiving those services*" (emphasis added).	Advertising costs are either expensed as incurred or expensed the first time the advertising takes place (policy choice), with the exception of direct-response advertising.

(Table continued)

Topic	IFRS Accounting Standards (IAS 38)	U.S. GAAP (ASC 350, ASC 720, ASC 985-20)
Development costs	Regardless of the type of cost and industry, an entity capitalizes development costs only when it can demonstrate all the following criteria: • The technical feasibility of completing the intangible asset so that it will be available for use or sale. • The entity's intention to complete the intangible asset and use or sell it. • The entity's ability to use or sell the intangible asset. • How the intangible asset will generate probable future economic benefits (e.g., the entity can demonstrate a market for the output). • The availability of adequate technical, financial, and other resources to complete the intangible asset's development and to use or sell it. • The entity's ability to reliably measure the intangible asset's costs during its development.	Development costs are generally expensed as incurred. An exception to that principle exists for software costs: • Costs to develop computer software for external use are capitalized once technological feasibility is established in accordance with the criteria in ASC 985-20. • For development costs of internally used software, only those costs incurred during the application development stage may be capitalized.
Initial measurement — IPR&D costs	An entity is permitted to capitalize IPR&D costs in an asset acquisition or a business combination.	An entity is permitted to capitalize IPR&D costs only when acquired in a business combination.
Subsequent measurement — revaluation	Intangible assets may be revalued to fair value if fair value can be measured reliably in an active market. Revaluation changes are recognized directly in equity and are required for all assets in the same class if an active market exists.	Intangible assets are carried at their historical costs, and revaluation is not permitted.

1.6 Property, Plant, and Equipment

The table below shows the differences that exist between IFRS Accounting Standards and U.S. GAAP in several key areas of property, plant, and equipment (PP&E), including (1) borrowing costs that can be included in the cost of the PP&E, (2) revaluation, and (3) component depreciation.

Topic	IFRS Accounting Standards (IAS 16, IAS 23, IAS 40)	U.S. GAAP (ASC 360, ASC 835-20)
Borrowing costs — length of time	An entity must capitalize interest if the time to get assets ready for their intended use or sale is substantial (interpreted to mean at least one year).	An entity must capitalize interest costs while a qualifying asset is being prepared for its intended use, regardless of the length of time needed to get the asset ready.
Borrowing costs — qualifying assets	Qualifying assets exclude equity method investments. Borrowing costs for the funding of construction activities in equity-accounted vehicles cannot be capitalized because investments in associates are financial assets.	Qualifying assets under U.S. GAAP include: • Assets that are constructed or produced for an entity's own use. • Assets intended for sale or lease that are constructed or produced as discrete projects (e.g., a building or a ship). • Investments accounted for under the equity method while the investee has activities in progress necessary to commence its planned principal operations, provided that the investee's activities include the use of funds to acquire qualifying assets for its operations.

(Table continued)

Topic	IFRS Accounting Standards (IAS 16, IAS 23, IAS 40)	U.S. GAAP (ASC 360, ASC 835-20)
Borrowing costs — acquisition	Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Borrowing costs include: • Interest expense calculated by using the effective interest method. • Finance charges related to finance leases. • Exchange differences arising from foreign currency borrowings when they are regarded as an adjustment to interest costs. IAS 23 states that "[a]n entity shall recognise other borrowing costs as an expense in the period in which it incurs them."	The amount of interest cost to be capitalized for qualifying assets is intended to be that portion of the interest cost incurred during the assets' acquisition periods that theoretically could have been avoided if expenditures for the assets had not been made.
Subsequent measurement — revaluation	PP&E and investment properties may be revalued to fair value if fair value can be measured reliably. For PP&E, changes are recognized directly in equity and are required for all assets in the same class. For investment properties, revaluation changes are recognized in the income statement.	Properties are carried at their historical costs, and revaluation is not permitted.
Component depreciation	An item of PP&E that consists of several components that have different useful lives (or patterns of consumption if applicable) must be depreciated separately. • Investment property that is subject to revaluation through profit and loss does not need to be broken down into components or separately depreciated. • Composite depreciation is not an acceptable method for depreciation.	Component depreciation is not required but is considered acceptable. Using a higher-level unit of account is acceptable, including using composite depreciation, which is common in certain industries, such as utilities and railroads. Under the composite approach, no gain or loss is generally recognized at the time of disposal or retirement of an item of PP&E; instead, the net book value is offset against accumulated depreciation. Generally, depreciation of an asset that consists of several components is calculated by using one blended depreciation rate.

1.7 Impairment of Nonfinancial Assets

This section discusses the impairment tests for noncurrent tangible and intangible assets, indefinite-lived intangible assets, and goodwill. Under both IFRS Accounting Standards and U.S. GAAP, assets may be tested individually or as a group, depending on whether largely independent cash flows attributable to the assets exist. The groupings may differ under IFRS Accounting Standards and U.S. GAAP owing to how they are defined. Under both IFRS Accounting Standards and U.S. GAAP, indefinite-lived intangibles, PP&E, and goodwill are each tested for impairment. As shown in the table below, under U.S. GAAP, an entity uses a two-step impairment testing model for PP&E and finite-lived intangibles, while under IFRS Accounting Standards, an entity must use a model that has only one step. Under both sets of standards, an entity must use a one-step model for testing goodwill and indefinite-lived intangible assets; however, under U.S. GAAP, an entity can use an optional qualitative assessment (step 0). Also, the reversal of impairment losses is permitted under IFRS Accounting Standards but not under U.S. GAAP.

<table>
<tr><th>Topic</th><th>IFRS Accounting Standards (IAS 36)</th><th>U.S. GAAP (ASC 350, ASC 360)</th></tr>
<tr><td>Asset assignment for impairment testing — PP&E</td><td>Assets are tested at the cash-generating unit (CGU) level or at the individual asset level, depending on an analysis of the cash inflows from assets being tested that are largely independent of the cash inflows from other assets or groups of assets.</td><td>Assets are tested at the asset group or the individual asset level, depending on an analysis of the interdependence of the cash flows.

The assessment of independent cash flows is generally based on the net cash flows, while under IFRS Accounting Standards, the focus is exclusively on whether cash inflows are largely independent. Note that the resulting outcomes would often be the same; however, they are described differently in the guidance under the two sets of standards.</td></tr>
<tr><td>Impairment — PP&E and finite-lived intangible assets</td><td>If impairment indicators exist, an entity takes a one-step approach to calculating a CGU impairment:
The amount by which the carrying value of the asset or CGU exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount for impairment (whether PP&E, intangibles, or goodwill) is defined as the greater of:
The fair value less costs to sell the asset or CGU.
The sum of future discounted cash flows, including disposal value (also referred to as the value in use).</td><td>If impairment indicators exist, an entity takes a two-step approach to calculating an asset or asset group impairment:
The carrying amount is compared with the sum of future undiscounted cash flows. If the carrying amount is not recoverable, an impairment loss is calculated on the basis of step 2.
The amount by which the carrying value exceeds the fair value is recorded as an impairment loss.</td></tr>
</table>

(Table continued)

Topic	IFRS Accounting Standards (IAS 36)	U.S. GAAP (ASC 350, ASC 360)
Impairment — indefinite-lived intangible assets	Indefinite-lived intangible assets are analyzed to determine whether there are individual cash inflows that are largely independent of other cash flows. Step 0 is not an option; however, an entity can carry forward the most recent quantitative assessment as long as indefinite-lived intangible assets meet certain criteria. The entity uses a one-step approach in which it tests the indefinite-lived intangible asset at the individual asset level unless the indefinite-lived intangible asset does not generate cash inflows that are largely independent of other cash inflows, and then the entity would test it at the CGU level. If the entity tests the indefinite-lived intangible asset at the CGU level, it does so by comparing the CGU's carrying amount, including goodwill and indefinite-lived intangible assets, with its recoverable amount. If the indefinite-lived intangible asset generates cash flows that are largely independent of other cash flows, the entity compares the indefinite-lived intangible asset's carrying amount with its recoverable amount to calculate impairment.	Indefinite-lived intangible assets should be individually tested for impairment. An entity can perform a qualitative assessment to assess impairment for indefinite-lived intangible assets. Note that an indefinite-lived intangible asset cannot be tested in conjunction with goodwill. • For indefinite-lived intangible assets, the entity compares carrying value with fair value to calculate impairment. • If the entity does not perform a qualitative step 0 test or the indefinite-lived intangible asset fails that test, the entity must test for impairment by comparing the carrying value against the fair value. If the fair value is below the carrying value, the entity records the difference as an impairment loss.

Impairment — allocation of goodwill	An entity allocates goodwill for impairment purposes to CGUs depending on which one is expected to benefit from the goodwill. The entity performs a bottom-up assessment to determine the CGU. It may not be possible to allocate goodwill to individual CGUs on a reasonable basis, and it will often be the case that goodwill can be allocated only to a group of CGUs. Such an aggregation of CGUs is permitted. Paragraph 80 of IAS 36 states that "[e]ach unit or group of units to which the goodwill is so allocated shall: (a) represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and (b) not be larger than an operating segment."	An entity allocates goodwill for impairment purposes to reporting units depending on which one is expected to benefit from the goodwill. A reporting unit is one level below an operating segment. • The entity performs a top-down analysis to determine the reporting unit. • The entity may perform a qualitative assessment (i.e., step 0) for goodwill.

(Table continued)

Topic	IFRS Accounting Standards (IAS 36)	U.S. GAAP (ASC 350, ASC 360)
Impairment — goodwill	An entity performs a one-step test at least annually to compare the CGU's carrying amount, including goodwill, with the recoverable amount to arrive at the impairment loss. The impairment loss first reduces goodwill to zero, and if there is any additional impairment loss, the entity generally allocates it to each asset in the CGU on a pro rata basis.	At least annually, an entity must perform an impairment test of goodwill. It can perform a step 0 test by using qualitative factors to assess goodwill impairment (i.e., determine whether it is more likely than not that the fair value of the reporting unit exceeds its carrying amount). If the step 0 test is not performed or it is more likely than not that the fair value of the reporting unit is less than its carrying amount, the entity performs a one-step impairment test by comparing the carrying amount against the fair value. If the fair value is below the carrying amount, the entity records the difference as an impairment loss.
Subsequent reversal of an impairment loss	Subsequent reversal of an impairment loss is precluded for goodwill but required for all other assets if certain criteria are met.	Subsequent reversal of an impairment loss is prohibited.

Chapter 2 — Liabilities

2.1 Employee Benefits

The accounting for defined contribution and defined benefit plans is very similar under IFRS Accounting Standards and U.S. GAAP. For defined contribution plans, the cost recognized is the contribution due from the employer, and for defined benefit plans, the defined benefit obligation is the present value of benefits accrued for service. Outlined in the table below are the key differences between the two frameworks.

Topic	IFRS Accounting Standards (IAS 19, IFRIC Interpretation 14)	U.S. GAAP (ASC 420, ASC 710, ASC 712, ASC 715)
Accounting for termination benefits	Termination benefits are subject to a single recognition framework that is generally consistent with the accounting requirements for one-time benefit arrangements under U.S. GAAP.	Termination benefits are categorized into several types (e.g., special, contractual, or one-time benefit arrangements), each with its own recognition criteria.
Other long-term benefits	Other long-term employee benefits are measured at present value according to a simplified method of accounting that is similar to that often used to measure postemployment benefits under U.S. GAAP. However, IFRS Accounting Standards require entities to recognize changes in the benefit obligation in profit and loss rather than other comprehensive income (OCI).	Certain nonretirement postemployment benefits are usually measured on a present value basis, and the actuarial adjustments may be recognized initially in OCI. Many other long-term employee benefits described in IFRS Accounting Standards are not addressed by U.S. GAAP guidance on compensation.
Recognition of prepaid benefit assets	A net defined benefit asset is subject to a "ceiling" test that limits its measurement to the lower of (1) the surplus in the defined benefit plan and (2) the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.	There is no limitation on the amount of the net pension asset that can be recognized on the balance sheet.
Minimum funding requirements	To the extent that the contributions payable will not be available after they are paid into the plan, an entity must recognize a liability when the contribution arises.	An entity is not required to recognize a liability for minimum funding requirements.
Recognition of past service cost	Past service cost (equivalent to "prior service cost") is recognized immediately in profit or loss.	Prior service cost is initially recognized in OCI and then amortized into income over the plan participants' remaining service periods (or life expectancy if all, or almost all, of the participants are inactive).

(Table continued)

Topic	IFRS Accounting Standards (IAS 19, IFRIC Interpretation 14)	U.S. GAAP (ASC 420, ASC 710, ASC 712, ASC 715)
Expected return on plan assets and net interest method	An entity determines net interest expense or income by multiplying the net defined benefit liability or asset by the discount rate.	An expected return on plan assets is a component of net periodic benefit cost and is determined on the basis of the expected long-term rate of return on plan assets. For a funded plan, this difference will often result in less periodic benefit cost under U.S. GAAP than under IFRS Accounting Standards because the expected rate of return on plan assets typically would be higher than the discount rate.
Recognition of actuarial gains and losses for defined benefit plans	An entity must immediately recognize all actuarial gains and losses in OCI. Those amounts are not recycled to profit or loss in future periods.	An entity may elect an accounting policy to (1) recognize actuarial gains and losses in OCI and then amortize them into the income statement in subsequent periods or (2) immediately recognize all such gains and losses through the income statement.
Accounting for defined benefit plan curtailments	*Recognition* — A curtailment gain or loss is recognized in net income when the event that causes the curtailment occurs. *Measurement* — A curtailment gain or loss is calculated as the change in the present value of the defined benefit obligation resulting from the curtailment (ignoring the effect of the asset ceiling if the defined benefit plan is in a surplus position). If the plan curtailment results in a change in the effect of the asset ceiling, such change is recognized in OCI.	*Recognition* — A curtailment gain is recognized in net income when the related employees are terminated or the entity adopts the related plan amendment, while a curtailment loss is recognized in net income when the loss is probable and estimable. *Measurement* — A curtailment gain or loss is made up of a portion of unamortized net prior service cost or credit, any remaining net transition obligation, and the change in the benefit obligation exceeding any offsetting unamortized actuarial gain or loss.
Accounting for defined benefit plan settlements	*Recognition* — A settlement gain or loss is recognized in net income when the settlement occurs. *Measurement* — A settlement gain or loss is calculated as the difference between the settlement price and the present value (i.e., actuarial valuation) of the settled obligation (ignoring the effect of the asset ceiling if the defined plan is in a surplus position). If the plan settlement results in a change in the effect of the asset ceiling, such change is recognized in OCI.	*Recognition* — A settlement gain or loss is recognized in net income when the event that relieves the pension benefit obligation occurs. *Measurement* — A settlement gain or loss is calculated as the net gain or loss remaining in accumulated other comprehensive income (AOCI).

(Table continued)

Topic	IFRS Accounting Standards (IAS 19, IFRIC Interpretation 14)	U.S. GAAP (ASC 420, ASC 710, ASC 712, ASC 715)
Multiemployer plans	Multiemployer plans may be classified as either defined contribution or defined benefit plans depending on the economic substance of the plans' terms. However, if defined benefit accounting is not possible, the plans are treated as defined contribution plans with additional disclosures.	Multiemployer plans are classified as defined contribution plans.
Subsidiary whose employees participate in a parent entity's pension plans	A subsidiary whose employees participate in a parent entity's defined benefit pension plan would account for the defined benefit cost in the subsidiary's separate financial statements on the basis of (1) the contractual arrangement with the parent or (2) the contribution payable if no arrangement is in place.	A subsidiary whose employees participate in a parent entity's pension plan usually would account for the plan as a multiemployer plan (i.e., a defined contribution plan) in the subsidiary's separate financial statements.
Discount rate for defined benefit obligation	The selected discount rate should be determined at the end of the reporting period on the basis of market yields on high-quality corporate bonds (e.g., those rated AA or AAA). When there is no deep market in such bonds, government bonds are used. High-quality corporate bonds are selected on an unbiased and systematic basis.	The selected discount rate should reflect the rates at which the benefits can be effectively settled. One acceptable method of deriving the discount rate is to use high-quality bonds (e.g., those rated AA or AAA). Under U.S. GAAP, no specific guidance addresses instances in which there is no deep market in high-quality corporate bonds. An entity is allowed to construct a hypothetical portfolio of high-quality instruments with maturities that mirror the benefit obligation (also referred to as bond matching).
Actuarial valuation method for deferred compensation plans	An entity uses the unit credit method.	An entity's method depends on the characteristics of a plan's benefit formula.

2.2 Contingencies

IFRS Accounting Standards and U.S. GAAP include similar fundamental concepts regarding the accounting for contingencies in that both frameworks require the recognition of a loss contingency on the basis of the probability of occurrence. However, a difference exists between the two sets of standards in the interpretation of the word "probable," which could lead to a difference in when entities record loss contingencies. In addition, the measurement of a loss contingency may vary under IFRS Accounting Standards and U.S. GAAP given that each framework uses a different reference point in the evaluation of a range of possible outcomes.

The table below further outlines the differences between IFRS Accounting Standards and U.S. GAAP regarding the accounting for contingencies.

<table>
<tr><th>Topic</th><th>IFRS Accounting Standards (IAS 37)</th><th>U.S. GAAP (ASC 450, ASC 410, ASC 420)</th></tr>
<tr><td rowspan="2">Terminology</td><td>The three categories of contingencies are:
• Provision is an accrued liability or loss contingency recognized in the financial statements.
• Contingent liability is a loss contingency that does not meet the criteria to be recognized in the financial statements.
• Contingent asset is a concept similar to a contingent gain under U.S. GAAP.</td><td>The three categories of contingencies are:
• Estimated loss accrued for a loss contingency (i.e., a contingent loss that is recognized as a liability).
• Loss contingency that is not recognized as a liability (e.g., when a loss contingency cannot be reasonably estimated).
• Gain contingency.</td></tr>
<tr><td colspan="2">U.S. GAAP and IFRS Accounting Standards use different terminology to describe contingencies. Under U.S. GAAP, this terminology is related to financial statements' elements of performance (two key terms are "gain contingency" and "loss contingency"), whereas under IFRS Accounting Standards, the terminology used is related to financial statements' elements of financial position (the three key terms are "contingent asset," "contingent liability," and "provision"). However, the two sets of terms may be applied similarly so that no difference between them arises in practice.</td></tr>
<tr><td>Recognition of loss contingencies/provisions</td><td>One of the conditions for recognizing a provision (as a liability) is that it must be probable that an outflow of resources will be required to settle the obligation. "Probable" is defined as "more likely than not" (i.e., greater than 50 percent).

More contingencies may qualify for recognition as liabilities under IFRS Accounting Standards than under U.S. GAAP.</td><td>One of the conditions for loss accrual is that it must be probable that (1) an asset has been impaired or (2) a liability has been incurred. "Probable" is defined as "likely to occur" (i.e., generally greater than 70 percent), which is a higher threshold than "more likely than not" (i.e., greater than 50 percent).</td></tr>
<tr><td>Initial measurement — range of estimates</td><td>When there is a range of possible outcomes and each point is as likely as the other points, the midpoint of the range should be used for initial measurement.</td><td>An entity should reference applicable U.S. GAAP for specific obligations (e.g., asset retirement, environmental, restructuring) as necessary to determine measurement.

When there is a range of possible outcomes and each point is as likely as the other points, the minimum amount in the range is used to measure the contingency.</td></tr>
</table>

(Table continued)

Topic	IFRS Accounting Standards (IAS 37)	U.S. GAAP (ASC 450, ASC 410, ASC 420)
Discounting	The loss contingency should be the present value of the cost required to settle the obligation, discounted by using a pretax discount rate that reflects both (1) the time value of money and (2) the risks specific to the liability. Discounting is required even if the timing of the outflows is not fixed or determinable.	In general, there is no requirement to discount loss contingencies. However, for certain obligations for which the timing and amounts of outflows are fixed or reliably determinable (e.g., asset retirement obligations), a risk-adjusted rate is used to discount the obligation.

2.3 Debt Modifications and Extinguishments

The accounting for a modification or exchange of a financial liability differs between IFRS Accounting Standards and U.S. GAAP. For example, while both standards use a 10 percent quantitative test to determine whether such a transaction is accounted for as a modification or extinguishment of existing debt, some of the consideration points differ.

The table below further outlines the differences between IFRS Accounting Standards and U.S. GAAP regarding the accounting for debt modifications and extinguishments.

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 470-50, ASC 470-60)
Exchange or modification of a financial liability[1]	When the existing borrower and lender exchange instruments with terms that are substantially different, the exchange is accounted for as an extinguishment of the original liability and a recognition of a new liability. Similarly, a modification of the terms of a liability is accounted for as an extinguishment of the original liability and a recognition of a new liability when the modification is substantial. The terms are considered substantially different if the discounted present value of the cash flows of the new or modified debt (including any fees paid net of any fees received and discounted by using the original effective interest rate) is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.	When a debtor and a creditor exchange or modify a debt instrument in a transaction that does not qualify as a troubled debt restructuring, that modification or exchange is accounted for as an extinguishment of the original debt and the recognition of new debt if the terms are substantially different. The terms are considered substantially different if (1) the discounted present value of the cash flows under the new or modified debt (including any fees paid net of any fees received and discounted by using the original effective interest rate) is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability, (2) the change in the fair value of an embedded conversion option is at least 10 percent of the original debt's carrying amount, or (3) a substantive conversion option is either eliminated or added.

[1] This excludes certain contract modifications related to reference rate reform (see Section 5.9).

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 470-50, ASC 470-60)
Increase in the fair value of an embedded conversion option	There is no specific guidance on the accounting for an increase in the fair value of an embedded conversion option. Conversion features that are recognized in equity are not remeasured.	If the terms of the new or modified debt are not considered substantially different from the terms of the original debt, the debtor must recognize an increase (but not a decrease) in the fair value of an embedded conversion option in connection with the modification or exchange by reducing the debt's carrying amount with an offset to equity.
Third-party costs	Third-party costs are (1) included in the extinguishment gain or loss if extinguishment accounting applies and (2) amortized over the term of the new debt instrument if extinguishment accounting does not apply.	Third-party costs are (1) amortized over the term of the new debt instrument if extinguishment accounting applies and (2) expensed as incurred if extinguishment accounting does not apply.
Accounting for a modification or an exchange of financial liability that does not result in derecognition	Upon modification or exchange (together referred to as a "modification") of a financial liability that does not lead to derecognition, the revised cash flows as a result of the modification should be discounted as of the date of the modification at the original effective interest rate. The difference between the carrying amount of the liability immediately before the modification and the sum of the present value of the cash flows of the modified liability discounted at the original effective interest rate should be recognized in profit or loss as a modification gain or loss.	If extinguishment accounting does not apply, an increase (but not a decrease) in the fair value of any embedded conversion option in connection with the modification or exchange reduces the debt's carrying amount and adjusts the debt's effective interest rate (accounted for prospectively as a yield adjustment).
Troubled debt restructurings	Debtors apply the same guidance to troubled debt restructurings that they apply to other exchanges and modifications of debt instruments.	A modification or exchange of debt is accounted for as a troubled debt restructuring if the creditor grants a concession as a result of the debtor's financial difficulties. If troubled debt restructuring accounting applies, a restructuring gain is recognized only to the extent the debt's carrying amount exceeds the total amount of the undiscounted future cash flows of the restructured debt.

2.4 Distinguishing Liabilities From Equity

The models for distinguishing liabilities from equity differ between IFRS Accounting Standards and U.S. GAAP. IFRS Accounting Standards focus on the substance of the contractual terms of a financial instrument rather than on its legal form. Under IFRS Accounting Standards, a financial instrument or its component parts should be classified upon initial recognition as a financial liability or an equity instrument according to (1) the substance of the contractual arrangement and (2) the definitions of a financial asset, a financial liability, and an equity instrument. If a financial instrument contains both a liability and an equity component, those components should be classified and accounted for separately (split accounting). However, aside from certain exceptions, an entity cannot apply split accounting under U.S. GAAP. The table below summarizes the key differences when an entity is distinguishing liabilities from equity under IFRS Accounting Standards and U.S. GAAP.

Topic	IFRS Accounting Standards (IAS 32)	U.S. GAAP (ASC 480-10, ASC 470-20, ASC 815-40)
Redeemable equity securities (e.g., puttable shares) and noncontrolling interests	Financial instruments in the form of shares that embody an obligation to transfer assets are classified as liabilities irrespective of whether the obligation is unconditional or conditional, with certain exceptions. The concept of mezzanine or temporary equity classification does not exist under IFRS Accounting Standards.	Financial instruments in the form of shares that embody an obligation to transfer assets are classified as liabilities only if the obligation is unconditional and the transfer of assets is therefore certain to occur. SEC registrants present equity-classified instruments that embody a conditional obligation to transfer assets as mezzanine or temporary equity.
Convertible debt — separation of an equity component	An issuer is required to separate convertible debt into liability and equity components unless the equity conversion feature must be bifurcated as a derivative liability. The liability and equity components are separated on the basis of the fair value of the liability component.	An issuer is required to present convertible debt as a liability in its entirety unless special accounting guidance applies. If the equity conversion feature does not have to be bifurcated as a derivative liability under ASC 815-15, recognition of an equity component may be required in accordance with special accounting models for convertible debt that (1) was issued at a substantial premium to par, (2) was modified or exchanged if extinguishment accounting did not apply and the fair value of the conversion feature increased, or (3) has a bifurcated conversion option derivative that was reclassified to equity. Different separation methods are used depending on the applicable accounting model.
Convertible debt issued at a substantial premium	There is no special accounting guidance on convertible debt issued at a substantial premium. An issuer is required to separate convertible debt into liability and equity components unless the equity conversion feature must be bifurcated as an embedded derivative.	There is a rebuttable presumption that the premium associated with convertible debt issued at a substantial premium to par should be presented as equity unless the equity conversion feature is bifurcated as an embedded derivative.

(Table continued)

Topic	IFRS Accounting Standards (IAS 32)	U.S. GAAP (ASC 480-10, ASC 470-20, ASC 815-40)
Conversions in accordance with original terms	No gain or loss is recognized upon the conversion of convertible debt into the issuer's equity shares in accordance with the original terms.	No gain or loss is recognized upon the conversion of convertible debt into cash, other assets, or the debtor's equity shares in accordance with the original terms unless both (1) the conversion occurred upon the issuer's exercise of a call option and (2) the conversion option was not substantive at issuance.
Extinguishments of convertible debt	When convertible debt is extinguished, the debtor allocates the consideration paid between the liability and equity components on the basis of the fair value of the liability component.	When convertible debt is extinguished, a debt extinguishment gain or loss is generally recognized on the basis of the difference between (1) the debt's net carrying amount and (2) the consideration paid.
Obligations to repurchase shares	Contracts that embody an obligation to repurchase the issuer's equity shares by transferring assets are accounted for at the present value of the redemption amount if the issuer could be required to physically settle the contract by transferring assets in exchange for shares (e.g., a forward purchase or written put option contract that gives the counterparty the right to require either physical or net settlement).	Physically settled forward-purchase contracts that embody an obligation to repurchase the issuer's equity shares for cash are accounted for at either the present value of the redemption amount or the settlement value. Other physically settled contracts that embody an obligation to repurchase the issuer's equity shares by transferring assets (e.g., a physically settled written put option or a forward purchase contract that provides the counterparty with a right to require either physical or net settlement) are accounted for at fair value.
Obligations to issue a variable number of equity shares	Contracts that will be settled in a variable number of shares are accounted for as assets or liabilities.	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 delivering a variable number of equity shares is classified as an asset or a liability if, at inception, the obligation's monetary value is based either solely or predominantly on (1) a fixed monetary amount, (2) variations in something other than the fair value of the issuer's equity shares, or (3) variations inversely related to changes in the fair value of the issuer's equity shares.

Chapter 3 — Revenues and Expenses

3.1 Revenue Recognition

In May 2014, the IASB and the FASB issued their final standards on revenue from contracts with customers. The standards outline a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersede most legacy revenue recognition guidance, including industry-specific guidance.

The revenue recognition project aimed to (1) clarify and converge the revenue recognition principles under IFRS Accounting Standards and U.S. GAAP and (2) develop guidance that would streamline and enhance revenue recognition requirements while also providing "a more robust framework for addressing revenue issues."

As a result, IFRS Accounting Standards and U.S. GAAP are largely converged in this area. The table below outlines some of the key remaining differences, including a lower collectibility threshold under IFRS Accounting Standards and additional accounting policy elections available only under U.S. GAAP that permit entities to exclude shipping and handling activities and sales (and other similar) taxes from their assessment of performance obligations and transaction price, respectively. However, the table excludes differences in interim disclosure requirements and disclosure requirements related to remaining performance obligations.

Topic	IFRS Accounting Standards (IFRS 15)	U.S. GAAP (ASC 606)
The collectibility threshold for contracts (step 1 — qualification of a contract for revenue recognition)	IFRS 15 establishes a *probable* collectibility threshold, which means that collection is "more likely than not." In practice, "more likely than not" refers to a probability of greater than 50 percent.	ASC 606 establishes a *probable* collectibility threshold, which means that collection is "likely to occur." In practice, "probable" is interpreted as signifying a higher percentage (e.g., 70 percent or higher) than that under IFRS Accounting Standards.
Reversal of impairment losses	An entity is required to reverse an impairment loss on capitalized costs to obtain or fulfill a contract if the impairment conditions no longer exist or have improved.	An entity cannot reverse an impairment loss on capitalized costs to obtain or fulfill a contract.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 15)	U.S. GAAP (ASC 606)
Licensing — determining the nature of an entity's promise	An entity's determination of whether a license is a right to use (for which revenue is recognized at a point in time) versus a right to access (for which revenue is recognized over time) is based on whether the customer can direct the use of, and obtain substantially all of the benefits from, the license at the point in time the license is granted. The customer can direct the use of, and obtain substantially all of the benefits from, the license (and thus has a right to use) if the underlying intellectual property (IP) is not significantly affected by the entity's ongoing activities.	An entity's determination of whether a license is a right to use (for which revenue is recognized at a point in time) versus a right to access (for which revenue is recognized over time) is based on its classification of the IP underlying the license as either functional or symbolic.
Licensing — renewals	The "use and benefit" guidance does not explicitly refer to renewals; as a result, revenue may be recognized earlier than it would be under U.S. GAAP.	A renewal or extension is subject to the "use and benefit" guidance in ASC 606-10-55-58C, the application of which will generally result in revenue recognition at the beginning of the renewal period.
Shipping and handling activities	IFRS 15 does not provide an accounting policy election. If an entity performs shipping and handling services after the customer has obtained control of the related good, the shipping and handling activities will typically be accounted for as a separate performance obligation.	ASC 606 provides an accounting policy election that permits an entity to account for shipping and handling activities that occur after the customer has obtained control of the related good as a fulfillment expense.
Noncash consideration	IFRS 15 does not prescribe a measurement date or clarify when the variable consideration guidance applies.	ASC 606 requires measurement at contract inception. The guidance on variable consideration applies only to variability resulting from reasons other than the form of the noncash consideration.
Consideration paid or payable to a customer — equity instruments (i.e., share-based payments to customers)	IFRS 15 does not specify whether equity instruments granted by an entity to a customer are a type of consideration paid or payable to a customer. Further, IFRS 15 does not address how equity instruments granted to a customer in a revenue arrangement should be accounted for with regard to initial and subsequent measurement. Therefore, an entity should consider which standard (e.g., IFRS 2, IFRS 9, IFRS 15, IAS 32), or combination of standards, could be applicable.	Equity instruments granted by an entity in conjunction with selling goods or services as a form of consideration paid or payable to a customer are measured and classified in accordance with ASC 718. Share-based consideration payable to a customer is calculated by using a fair-value-based measure of the equity instrument as of the grant date.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 15)	U.S. GAAP (ASC 606)
Presentation of sales (and other similar) taxes	IFRS 15 does not provide an accounting policy election. An entity is required to identify whether it has a primary responsibility to pay the taxes or is acting only as a collection agent. If it is the primary obligor, it must include those taxes in the transaction price.	ASC 606 provides an accounting policy election that permits an entity to exclude all sales (and other similar) taxes from the measurement of the transaction price.
Onerous contracts	In accordance with IAS 37, losses are recognized for all onerous contracts with customers, and the onerous test should be performed at the contract level.	Although the guidance is silent on the topic of onerous contracts, it does not supersede existing provisions in other ASC subtopics that require the recognition of losses for certain types of contracts with customers, such as ASC 605-20, ASC 605-35, and ASC 985-20. ASC 605-35-25 clarifies that provisions for losses on construction-type and production-type contracts may be determined at either the contract or performance obligation level.

3.2 Share-Based Payments

IFRS 2 and ASC 718 share the same principles-based approach and are largely converged. However, there are some differences in the application of those principles, as shown in the table below.

Topic	IFRS Accounting Standards (IFRS 2)	U.S. GAAP (ASC 718)
Measurement of equity-settled share-based payments	Awards issued to nonemployees in exchange for services that are similar to employee services are measured on the same basis as employee awards (i.e., a grant-date fair-value-based measure). Share-based payment awards issued to nonemployees in exchange for goods or for services that are not similar to employee services are measured as of the date the entity obtains the goods or the counterparty renders the service. The awards should be measured on the basis of the fair value of the goods or services received unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity should measure their value by reference to the fair value of the equity instruments granted. However, there is a rebuttable presumption that the fair value of the goods or services received can be estimated reliably.	The measurement date is generally the date on which the equity-classified awards are granted.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 2)	U.S. GAAP (ASC 718)
Modification accounting — awards for which vesting is improbable but becomes probable	Compensation cost is recognized on the basis of the grant-date fair value of the original award plus the incremental value of the modified award on the modification date.	Compensation cost is recognized on the basis of the modified award's fair-value-based measure as of the modification date.
Graded vesting awards with only service conditions	Graded vesting awards with only service conditions are recognized and measured only as, in substance, multiple awards.	An accounting policy election is made to treat graded vesting awards as either a single award (straight-line cost recognition) or, in substance, multiple awards for both recognition and measurement.
Performance targets satisfied after the requisite service period	Performance targets satisfied after the requisite service period are treated as a nonvesting condition. Therefore, the condition is reflected in the awards' fair-value-based measure.	Such performance targets are treated as a vesting condition for performance conditions that can be met after the employee's requisite service period or nonemployee's vesting period. Therefore, the performance target should not be directly reflected in the awards' fair-value-based measure.
Classification — bearing the risks and rewards of ownership for a reasonable period (put options)	A share-based payment award that can be redeemed for cash at fair value at the employee's option must be classified, at least in part, as a liability. There is no exception for an employee that bears the risks and rewards of share ownership for a reasonable period of time.	A share-based payment award that could be cash settled at the grantee's option does not have to be classified as a liability if it requires the grantee to bear the risks and rewards of share ownership for a "reasonable period of time" after vesting (defined as a period of at least six months).
Forfeitures of awards	An entity is required to estimate expected forfeitures.	For awards with service conditions, an entity makes an entity-wide accounting policy election (separately for employee awards and nonemployee awards) to either (1) estimate the total number of awards for which the employee's requisite service period or nonemployee's vesting period will not be rendered (i.e., estimate expected forfeitures) or (2) account for forfeitures when they occur.
Modification accounting — equity to liability	Any excess is recognized in additional paid-in capital (APIC). The same holds true if the fair value of a modified award is less than or equal to the fair value of the original award (the offsetting amount is recorded to APIC).	Any excess of the fair value of the modified award over the grant-date fair value of the original award is recorded as additional compensation cost. When the fair value of a modified award is less than or equal to the grant-date fair value of the original award, the offsetting amount is in APIC.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 2)	U.S. GAAP (ASC 718)
Modification accounting — liability to equity	As of the date of the modification, the existing liability is derecognized. The fair value of the equity instruments granted at the modification date is recognized in equity to the extent to which goods or services have been received. Any difference between the liability derecognized and the amount recognized in equity is reflected immediately in the income statement.	Upon modification, the liability is reclassified to equity. To the extent that the fair value of the modified award is less than the fair value of the liability at the time of the modification, the difference is deemed to be a capital contribution and recognized in equity. If the fair value of the modified award is higher than the liability, the excess is generally recognized as compensation expense prospectively over the employee's remaining requisite service period or nonemployee's vesting period.
Liability classification — share-based payment arrangements	IFRS 2 focuses on whether the award can be cash settled.	ASC 718 provides more detailed requirements that may result in the classification of more share-based arrangements as liabilities.
Recognition of payroll taxes	If taxes on an employer's payroll are related to a stock-based compensation plan, an entity expenses them in the income statement when it recognizes the related expense. To account for such payroll taxes, the entity should apply the related guidance on cash-settled share-based payments.	Under ASC 718, payroll tax liabilities related to share-based payment awards should be recognized on the date that the measurement and payment of the tax is triggered (e.g., upon exercise or vesting).
Repurchasing shares to satisfy employer's statutory tax withholding requirements	If an entity (1) has the ability to repurchase shares issued upon exercise or vesting to satisfy its statutory withholding requirements for an employee and (2) is statutorily required to settle taxes of share-based payment awards in this way, the entity classifies the award as equity-settled in its entirety. If the settlement for taxes exceeds the withholding limit, only the excess number of equity shares withheld is separated and accounted for as a cash-settled share-based payment.	For awards that can be redeemed, in part, for cash at fair value to cover the employer's statutory withholding requirements for an employee, there is an exception to liability classification. However, if the settlement amount of the awards exceeds the withholding limit, the entire award is classified as a liability.
Awards indexed to a condition other than a performance, service, or market condition (such as conditions indexed to the consumer price index [CPI])	Because IFRS 2 focuses on whether an award will be cash settled, the award may not be classified as a liability unless it is actually cash settled. The entity should consider whether this indexed condition meets the definition of a "non-vesting condition" and, therefore, would be reflected in the award's fair value.	These arrangements are classified as liabilities, and the additional condition should be reflected in the award's fair value.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 2)	U.S. GAAP (ASC 718)
Share-based payment awards with a performance condition based upon the occurrence of a liquidity event (e.g., an initial public offering [IPO] or a change in control)	For awards in which a liquidity event is assessed as a performance condition, compensation cost is recognized if and when the liquidity event is expected to occur. Often, it will not be possible to conclude that a liquidity event such as an IPO is expected to occur until plans are well advanced.	A liquidity event such as a change in control or an IPO is generally not considered probable (i.e., a future event is likely to occur) until it occurs. Accordingly, an entity generally does not recognize compensation cost related to awards that vest upon a change in control or an IPO until the event occurs.

3.3 Income Taxes

In general, the income tax accounting frameworks in both IFRS Accounting Standards and U.S. GAAP require the application of a balance sheet model and share the same basic objectives related to the recognition of (1) the amount of taxes payable or refundable for the current year and (2) deferred tax assets (DTAs) and deferred tax liabilities (DTLs) for future tax consequences of events that have been recognized in an entity's financial statements or tax returns.

However, differences remain between the accounting for income taxes under IFRS Accounting Standards and U.S. GAAP. The table below highlights some of the key differences on topics such as the recognition of DTAs, the accounting for uncertain tax positions, and the treatment of income tax related to share-based payments.

Topic	IFRS Accounting Standards (IAS 12, IFRIC Interpretation 23)	U.S. GAAP (ASC 740)
Initial recognition exception	Deferred tax is not recognized for taxable or deductible temporary differences that arise from the initial recognition of an asset or a liability in a transaction that (1) is not a business combination, (2) does not affect accounting profit or taxable profit when the transaction occurs, and (3) does not give rise to equal taxable and deductible temporary differences when the transaction occurs. Changes in this unrecognized DTA or DTL are not subsequently recognized.	No "initial recognition" exception principle exists.
Recognition of DTAs	DTAs are recognized at the amount that is probable (interpreted to mean more likely than not) to be realized on a net basis (i.e., the DTA is written down, and an allowance is not recorded).	DTAs are recognized in full and reduced by a valuation allowance if it is more likely than not that some or all of the DTAs will not be realized.

(Table continued)

Topic	IFRS Accounting Standards (IAS 12, IFRIC Interpretation 23)	U.S. GAAP (ASC 740)
Tax laws and rates used for measuring DTAs and DTLs	Enacted or "substantively" enacted tax laws or rates are used.	Enacted tax laws and rates are used.
Uncertain tax positions	If an entity concludes that it is probable (interpreted to mean more likely than not) that the taxing authority will accept an uncertain tax treatment (including both the technical merit of the treatment and the amounts included in the tax return), recognition and measurement are consistent with the positions as taken in the tax filings. If the entity concludes that it is *not* probable that the taxing authority will accept the tax treatment as filed, the entity is required to reflect the uncertainty by using (1) the most likely amount or (2) the expected value.	U.S. GAAP prescribes a two-step recognition and measurement approach under which an entity calculates the amount of tax benefit to recognize in the financial statements by (1) assessing whether it is more likely than not that each individual tax position will be sustained upon examination and (2) measuring a tax position that reaches the more-likely-than-not recognition threshold to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement.
Foreign nonmonetary assets or liabilities for which the functional currency is not the local currency	Deferred tax is recognized on basis differences resulting from changes in exchange rates and the indexing of basis for income tax reporting purposes.	No deferred tax is recognized on basis differences resulting from (1) changes in exchange rates (i.e., the difference between the carrying amount for financial reporting purposes, which is determined by using the historical rate of exchange, and the tax basis, which is determined by using the exchange rate on the balance sheet date) or (2) the indexing of basis for income tax purposes.
Tax consequences of intra-entity inventory sales	No exceptions for intra-entity transfers of inventory exist. Any current and deferred tax expense from intra-entity transfers (inventory or otherwise) is recognized at the time of the transfer. Deferred taxes are recognized for the difference between the carrying value of the transferred asset in the consolidated financial statements and the tax basis of the transferred asset in the buyer's tax jurisdiction, measured by using the statutory tax rate of the buyer's tax jurisdiction (subject to realization criteria in IAS 12 if a DTA is recognized on the basis difference).	Tax effects of intra-entity transfers of inventory are deferred until the related inventory is sold or disposed of, and no deferred taxes are recognized for the difference between the carrying value of the inventory in the consolidated financial statements and the tax basis of the inventory in the buyer's tax jurisdiction.

(Table continued)

Topic	IFRS Accounting Standards (IAS 12, IFRIC Interpretation 23)	U.S. GAAP (ASC 740)
Share-based compensation	For awards that ordinarily give rise to a tax deduction, deferred taxes are computed on the basis of the hypothetical tax deduction for the share-based payment corresponding to the percentage earned to date (i.e., the intrinsic value of the award on the reporting date multiplied by the percentage vested). Recognition of deferred taxes could be recorded through either profit or loss or equity.	For awards that ordinarily give rise to a tax deduction under existing tax law, deferred taxes are computed on the basis of compensation expense that is recognized for financial reporting purposes. Tax benefits in excess of or less than the related DTA are recognized in the income statement in the period in which the amount of the deduction is determined (typically when an award vests or, in the case of options, is exercised or expires).
Subsequent changes in deferred taxes (e.g., changes in tax laws, rates, status, or the valuation allowance)	IAS 12 requires that the income tax expense or benefit is recognized in the same manner in which the asset or liability was originally recorded. That is, if the deferred taxes were originally recorded outside of profit or loss (e.g., in equity), subsequent changes to the beginning balance will be recorded in the same manner (i.e., backwards tracing is permitted).	Subsequent changes in deferred taxes are generally allocated to continuing operations with limited exceptions (i.e., backwards tracing is generally prohibited, regardless of whether the associated tax expense or benefit was originally recognized outside of continuing operations [e.g., in equity]).

Chapter 4 — Presentation

4.1 Presentation of Financial Statements

There are many similarities between financial statement presentation under IFRS Accounting Standards and U.S. GAAP, although there are more requirements under IFRS Accounting Standards governing line items and comparative information than under U.S. GAAP. Specific presentation of particular financial statement line items is required by individual accounting guidance and SEC rules and regulations under U.S. GAAP. Under IFRS Accounting Standards, particular financial statement line items and one year of comparative financial information are required, with certain exceptions. While there is no requirement to present comparative financial information under U.S. GAAP, SEC regulations require comparative financial information for public registrants. Under both IFRS Accounting Standards and U.S. GAAP, a complete set of financial statements consists of the following: a statement of financial position, a statement of profit or loss and OCI, a statement of cash flows, a statement of changes in shareholders' equity, and accompanying notes. The table below shows the key differences between the presentation of financial statements under IFRS Accounting Standards and under U.S. GAAP. Other differences that affect the presentation of financial statements are included in Section 4.4, which discusses changes in accounting principles, changes in accounting estimates, and error corrections.

Topic	IFRS Accounting Standards (IAS 1)	U.S. GAAP (ASC 205-10, ASC 220-10, ASC 470-10, ASC 505-10, ASC 810-10) and SEC Regulation S-X
Comparative financial statements	An entity must provide one year of comparative financial information.	No specific requirement under U.S. GAAP to present comparative financial statements. Generally, at least one year of comparative financial information is presented. Public companies are subject to SEC rules and regulations, which usually require two years of comparative financial information for the income statement and the statements of equity and cash flows.
Debt classification — subsequent events	Events that take place after the reporting date (refinancing, covenant violation waiver, and so forth) are generally not considered in the classification of debt as of the reporting date. A short-term obligation is classified as current even if the debtor refinances it on a long-term basis (or a long-term financing arrangement is executed) after the balance sheet date.	Events that take place after the reporting date (refinancing, covenant violation waiver, and so forth) are generally considered in the classification of debt as of the reporting date. A short-term obligation is classified as noncurrent if it is refinanced on a long-term basis (or a long-term financing arrangement is in place) by the time the financial statements are issued (or available to be issued).

(Table continued)

Topic	IFRS Accounting Standards (IAS 1)	U.S. GAAP (ASC 205-10, ASC 220-10, ASC 470-10, ASC 505-10, ASC 810-10) and SEC Regulation S-X
Debt classification — violation of loan covenants as of the reporting date whereby a long-term loan becomes payable on demand	Debt is classified as a current liability.	Such debt is classified as a noncurrent liability if the lender provides a qualifying covenant waiver before the financial statements are issued.
Classification — expenses	An entity may present its expenses either by function or nature. Certain disclosures are required if the entity chooses to present the expenses by function.	An entity may present its income statement in (1) a single-step format (all expenses are classified by function and deducted from total income to arrive at income before tax) or (2) a multiple-step format (operating and nonoperating expenses are separated before presenting income before tax).

4.2 Noncurrent Assets Held for Sale and Discontinued Operations

Though IFRS Accounting Standards and U.S. GAAP have similar guidance on the accounting for noncurrent assets held for sale and for discontinued operations, there is a special treatment for assets held for distribution under IFRS Accounting Standards, as shown in the table below.

Topic	IFRS Accounting Standards (IFRS 5)	U.S. GAAP (ASC 360-10, ASC 205-20)
Assets held for distribution to owners	A long-lived asset to be distributed to owners is measured at fair value less costs to sell in a manner similar to assets held for sale.	ASC 360-10-45-15 states that a long-lived asset to be distributed to owners "shall continue to be classified as held and used until it is disposed of." Therefore, it is measured at cost less accumulated depreciation and impairment. Accordingly, a disposal group to be spun off to shareholders would be classified as a discontinued operation earlier under IFRS Accounting Standards than under U.S. GAAP.

4.3 Statement of Cash Flows

IFRS Accounting Standards and U.S. GAAP contain similar guidance on presentation in the statement of cash flows, including the requirement to separate cash flows into operating, investing, and financing activities. Both also allow the use of the direct or indirect method of presenting cash flows from operating activities. However, there are a number of differences between the two sets of standards regarding presentation in the statement of cash flows, which are shown in the table below.

Topic	IFRS Accounting Standards (IAS 7)	U.S. GAAP (ASC 230-10)
Scope	All entities must present a statement of cash flows (i.e., there are no scope exceptions).	All entities must present a statement of cash flows, with the following exceptions: certain trust funds; a common trust fund, variable annuity account, or similar fund maintained by a bank, insurance entity, or other entity in its capacity as a trustee, administrator, or guardian for the collective investment and reinvestment of funds; certain defined benefit pension plans; and certain investment companies.
Method of reporting cash flows from operating activities	An entity is allowed to use the direct or indirect method. Net income must be reconciled to net cash flows from operating activities only under the indirect method.	An entity is allowed to use the direct or indirect method. Under both methods, net income must be reconciled to net cash flows from operating activities.
Presentation of bank overdrafts	Bank overdrafts may be included as components of cash and cash equivalents in certain situations if they are an “integral part of an entity’s cash management,” even though such overdrafts are not presented in cash and cash equivalents on the balance sheet unless the offsetting criteria in IAS 32 are met. An entity that classifies bank overdrafts as cash and cash equivalents on the statement of cash flows will need to disclose this policy.	Bank overdrafts cannot be presented in cash and cash equivalents.
Presentation of restricted cash	There is no specific guidance on whether amounts generally described as restricted cash or restricted cash equivalents should be included in an entity’s beginning and ending cash and cash equivalents balances as presented in the statement of cash flows. However, amounts generally described as restricted cash or restricted cash equivalents are not included in these balances on the statement of cash flows unless an entity classifies these amounts as cash and cash equivalents on its balance sheet.	Amounts generally described as restricted cash or restricted cash equivalents must be included in an entity’s beginning and ending cash and cash equivalents balances as presented in the statement of cash flows regardless of whether they are included in cash and cash equivalents on the balance sheet.

(Table continued)

Topic	IFRS Accounting Standards (IAS 7)	U.S. GAAP (ASC 230-10)
Classification in the statement of cash flows	Cash flows must be classified and presented in one of three categories: operating, investing, or financing. The guidance is more flexible than that in U.S. GAAP regarding which items should be included in each category.	Cash flows must be classified and presented in one of three categories: operating, investing, or financing. The guidance is more specific than that in IFRS Accounting Standards regarding which items should be included in each category.
Presentation of components of transactions with characteristics of more than one category of cash flows	An entity should classify individual components of a single transaction separately as operating, investing, or financing, depending on the nature of the transaction. IFRS Accounting Standards do not provide guidance on situations in which individual components of a single transaction cannot be separately identified.	An entity first needs to determine whether there are separately identifiable cash flows within a specific transaction. If so, the entity presents such cash flows on the basis of their nature within operating, investing, or financing activities. In the absence of separately identifiable cash flows, the entity would present such cash flows collectively on the basis of the predominant source or use of the cash flows.
Disclosure of cash flows pertaining to discontinued operations	An entity must disclose cash flows from discontinued operations under each category either on the face of the cash flow statement or in the notes.	An entity must disclose either of the following if it is not already presented on the face of the cash flow statement: • The total operating and investing cash flows of the discontinued operation. • The depreciation, amortization, capital expenditures, and significant operating and investing noncash items of the discontinued operation.
Presentation of cash flow per share on the face of the financial statements	An entity is not explicitly prohibited from disclosing cash flow per share.	An entity is prohibited from reporting cash flow per share.
Taxes paid	Taxes paid are classified as operating activities unless they can be specifically identified within financing and investing activities.	Taxes paid are classified as operating activities.
Interest and dividends paid and received	An entity should elect accounting policies for presenting (1) interest received and (2) dividends received as either operating or investing activities. An entity should elect accounting policies for presenting (1) interest paid and (2) dividends paid as either operating or financing activities. Cash flows from interest and dividends received and paid must be disclosed separately.	Interest paid and received should be classified as operating activities. Dividends received should generally be classified as operating activities because these are considered to be returns on an entity's investment. Dividends paid should be classified as financing activities. Cash flows from interest paid must be disclosed separately if the indirect method is used.

(Table continued)

Topic	IFRS Accounting Standards (IAS 7)	U.S. GAAP (ASC 230-10)
Remittances of statutory withholdings on share-based payment awards	An entity should assess the nature of the transaction on the basis of the general principles of classification of the cash flows as operating or financing, as well as the applicable noncash activity disclosures.	Cash payments to tax authorities in connection with shares withheld to meet statutory tax withholding requirements should be presented as financing activities.
Leases	A lessee should present payments associated with its leases in the statement of cash flows as follows: • Present the principal portion of the payment as a financing activity. • Present the interest portion of the payment as either a financing or an operating activity, depending on the lessee's accounting policy election under IAS 7.	A lessee should present payments associated with its leases in the statement of cash flows as follows: *Finance leases*: • Present the principal portion of the payment as a financing activity. • Present the interest portion of the payment as an operating activity. *Operating leases*: • Present payments as an operating activity.
Comparative periods	An entity must provide one year of comparative financial information.	Presentation of comparative periods is not specifically required. However, SEC Regulation S-X, Rule 3-02, requires that two years of comparative financial information for the cash flow statement be presented.

4.4 Changes in Accounting Principle, Changes in Accounting Estimate, and Error Corrections

Although the concepts and accounting treatment of (1) changes in accounting principle, (2) changes in accounting estimate, and (3) error corrections are similar under IFRS Accounting Standards and U.S. GAAP, the table below shows that there are some notable differences in terminology and disclosure requirements.

Topic	IFRS Accounting Standards (IAS 8)	U.S. GAAP (ASC 250)
Changes in Accounting Principle (Policy)		
Indirect effects of a change in accounting principle (policy)	No guidance is provided on accounting for or disclosing the indirect effects of a change in accounting policy.	Indirect effects of a change in accounting principle that are incurred and recognized are recorded in the period of change. Certain disclosures are also required.
Balance sheet presentation when there is a retrospective change	An entity must present the beginning balance sheet of the preceding period (i.e., a third balance sheet is presented).	An entity is not required to present the beginning balance sheet of the preceding period.

(Table continued)

Topic	IFRS Accounting Standards (IAS 8)	U.S. GAAP (ASC 250)
Changes in Accounting Estimate		
Change in accounting estimate effected by a change in accounting principle (policy)	IFRS Accounting Standards do not include the concept "change in accounting estimate effected by a change in accounting principle." An entity will need to determine whether a change is a change in accounting policy requiring preferability or a change in accounting estimate. When it is difficult to make such a determination, the accounting should follow the guidance for a change in estimate.	Under U.S. GAAP, there is guidance on and a definition of a "change in accounting estimate effected by a change in accounting principle." Like other changes in accounting principles, such a change must be to a preferable principle.
Error Corrections		
Impracticability of retrospective restatement	Retrospective restatement for corrections of errors is required unless it is impracticable.	Retrospective restatement for corrections of errors is required; impracticability exemptions are not permitted.
Balance sheet presentation when there is a retrospective change	An entity must present the beginning balance sheet of the preceding period (i.e., a third balance sheet is presented).	An entity is not required to present the beginning balance sheet of the preceding period.
Other Differences		
Change in reporting entity	There is no specific guidance on how to account for a change in reporting entity or on whether it is appropriate to retrospectively adjust an entity's financial statements for a change in reporting entity.	Prior-period financial statements are retrospectively adjusted if there is a change in reporting entity. Certain disclosures regarding the change are also required.

4.5 Earnings per Share

Although IFRS Accounting Standards and U.S. GAAP use similar methods to calculate both basic and diluted earnings per share (EPS), there are detailed application differences, which are summarized in the table below.

Topic	IFRS Accounting Standards (IAS 33)	U.S. GAAP (ASC 260-10)
Treatment of mandatorily redeemable common shares and forward contracts that require physical settlement of a fixed number of shares for cash	*Forward contracts that require physical settlement of a fixed number of shares for cash*: • *Basic EPS* — An entity treats the shares as outstanding (and includes any earnings impact in the numerator). • *Diluted EPS* — An entity applies the reverse treasury stock method to the extent that the instrument is dilutive. *Mandatorily redeemable common shares (basic and diluted EPS)*: • These shares are typically excluded from the denominator.	*Basic EPS* — An entity excludes the common shares (and any related earnings effect) that are to be redeemed or repurchased in calculating EPS. An entity applies the two-class method of calculating EPS. *Diluted EPS* — No further adjustment to the numerator or the denominator is necessary.
Treatment of mandatorily convertible instruments	Ordinary shares that will be issued upon conversion are considered outstanding in the calculation of basic EPS from the date the contract is entered into, irrespective of whether the contract is participating. The result is similar to that achieved by applying the two-class method, but the presentation differs. However, the EPS result differs from that calculated under U.S. GAAP when the instrument is not a participating security. For diluted EPS, the shares are considered outstanding and no adjustment is made to the numerator.	If the instrument is a participating security, entities should apply the two-class method (the results of doing so are similar to those achieved when an entity considers the shares outstanding) to calculate basic EPS and the more dilutive of the two-class method or if-converted method to calculate diluted EPS. If the instrument is not a participating security, entities do not adjust the numerator or denominator in computing basic EPS. The if-converted method is applied to calculate diluted EPS.
Application of the two-class method to participating securities	The two-class method applies only to participating securities that are equity instruments. It is not required for participating debt instruments (e.g., participating convertible debt).	The two-class method applies to participating securities irrespective of whether they are debt or equity instruments.
Diluted EPS denominator difference: treasury stock method — year-to-date (YTD) computation	The number of incremental shares is determined independently for each period presented. The number of dilutive potential ordinary shares in the YTD period is not a weighted average of the dilutive potential ordinary shares included in each interim computation.	For YTD diluted EPS, the number of incremental shares included in the denominator is determined by using a weighted average of the number of incremental shares included in each quarterly diluted EPS computation.

(Table continued)

Topic	IFRS Accounting Standards (IAS 33)	U.S. GAAP (ASC 260-10)
Diluted EPS denominator difference: contingently issuable shares — YTD computation	Weighting interim periods in the YTD computation is not permitted. See "treasury stock method — YTD computation" above.	For YTD computations, the number of contingent shares included in the diluted EPS denominator is determined by weighting the interim periods.
Diluted EPS denominator difference: contingently convertible instruments	Contingently issuable shares from a contingently convertible instrument with a market price trigger are included in the calculation of diluted EPS (if dilutive) only if the market price trigger was met at the end of the reporting period.	Contingently issuable shares from a convertible instrument with a market price trigger are included in the calculation of diluted EPS (if dilutive) *regardless* of whether the market price trigger has been met.

4.6 Segment Reporting

As shown in the table below, under IFRS Accounting Standards, operating segments are identified on the basis of the "core principle" regardless of the form of organization used, while under U.S. GAAP, operating segments are identified on the basis of products and services.

Topic	IFRS Accounting Standards (IFRS 8)	U.S. GAAP (ASC 280)
Entity-wide disclosures of long-lived assets by geography	Under IFRS Accounting Standards, noncurrent assets are defined as assets that do not meet the definition of a current asset. Therefore, they would include intangible assets.	Long-lived assets within the entity-wide disclosures do not include intangible assets.
Entities with a matrix form of organization	An entity is required to identify operating segments on the basis of the "core principle" regardless of the form of organization used. Under IFRS 8, the core principle is that operating segments must be identified in a manner that enables users of the financial statements "to evaluate the nature and financial effects of the business activities in which [the entity] engages and the economic environments in which it operates." Management will therefore be required to exercise judgment in determining which of the bases of segmentation satisfies this objective.	An entity with a matrix form of organization is required to determine operating segments on the basis of products and services rather than on the basis of geographical components or other information.

Chapter 5 — Broad Transactions

5.1 Business Combinations

Although IFRS Accounting Standards and U.S. GAAP are significantly converged in the subject of business combinations, as the table below shows, differences exist in several key areas: (1) measurement of a noncontrolling interest in a business combination, (2) contingent assets and liabilities, (3) transactions between entities under common control, (4) pushdown accounting, (5) operating leases, and (6) the definition of a business (though the definition of a business became more converged with the issuance of *Definition of a Business* — amendments to IFRS 3).

Topic	IFRS Accounting Standards (IFRS 3, IFRS 15, IFRS 16, IAS 37)	U.S. GAAP (ASC 805, ASC 450, ASC 842)
Measurement of noncontrolling interest in a business combination	An entity must make an accounting policy election, on an acquisition-by-acquisition basis, for measurement of certain components of a noncontrolling interest either at (1) the noncontrolling interest's proportionate share of the net fair value of the acquiree's identifiable net assets (i.e., the "proportionate share method") or (2) fair value (i.e., the "full goodwill" approach), the latter of which is in a manner consistent with U.S. GAAP.	An entity is required to recognize and measure noncontrolling interests at fair value.
Contingent liabilities (i.e., liabilities arising from contingencies under U.S. GAAP) — recognition and initial measurement	An entity recognizes a contingent liability at fair value if it (1) is a present obligation that results from a past event and (2) can be measured reliably.	A liability arising from a contingency is recognized at fair value, if determinable, as of the measurement (acquisition) date. Alternatively, if the fair value cannot be determined, the entity will recognize a liability only if information available before the end of the measurement period indicates that it is probable that a liability had been incurred as of the acquisition date and the amount of the liability can be reasonably estimated.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 3, IFRS 15, IFRS 16, IAS 37)	U.S. GAAP (ASC 805, ASC 450, ASC 842)
Contingent assets (i.e., assets arising from contingencies under U.S. GAAP) — recognition and initial measurement	An entity is not permitted to recognize a contingent asset in a business combination.	An asset arising from a contingency is recognized at fair value, if determinable, as of the measurement (acquisition) date. Alternatively, if fair value cannot be determined, the entity will recognize an asset only if the information available before the end of the measurement period indicates that it is probable that an asset existed as of the acquisition date and that the amount of the asset can be reasonably estimated.
Contingent liabilities (i.e., liabilities arising from contingencies under U.S. GAAP) — subsequent measurement	An entity recognizes a contingent liability at the higher of: • The amount calculated as the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. • The acquisition-date fair value less the cumulative amortization recognized in accordance with IFRS 15 (if appropriate).	Liabilities arising from contingencies should be subsequently accounted for by using a systematic and rational basis, depending on the nature of the contingent liabilities.
Contingent assets (i.e., assets arising from contingencies under U.S. GAAP) — subsequent measurement	Recognition is appropriate only when realization of the income is virtually certain and therefore the related asset is no longer contingent.	Assets arising from contingencies should be subsequently accounted for by using a systematic and rational basis, depending on the nature of the contingent assets.
Business combinations between entities under common control	There is no guidance on the accounting treatment of transfers of businesses involving entities under common control. In practice, management can elect to apply either the acquisition method at fair value or the predecessor's cost.	Assets and liabilities transferred between entities in a business combination under common control are generally recognized at the predecessor's cost.
Pushdown accounting	There is no authoritative guidance on whether acquired entities can apply pushdown accounting in their separate financial statements. In practice, IFRS preparers around the world do not apply pushdown accounting to separate financial statements.	Acquired entities have the option to apply pushdown accounting in their separate financial statements.
Operating lease in a business combination	If the acquiree is a lessor, favorable or unfavorable terms of the operating lease, relative to current market terms or prices, are embedded in the fair value measurement of the leased asset. No separate intangible asset or liability is recognized.	If the acquiree is a lessor, an intangible asset or liability is recognized separately from the leased asset if the terms of the lease are favorable or unfavorable, respectively, relative to current market terms or prices.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 3, IFRS 15, IFRS 16, IAS 37)	U.S. GAAP (ASC 805, ASC 450, ASC 842)
Definition of a business — concentration test	IFRS Accounting Standards provide an optional concentration test that allows an entity to determine whether a set is not a business.	An entity is required to determine whether substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or group of similar identifiable assets. If that threshold, or "screen," is reached, the set is not a business.
Definition of a business — substantive process	An acquired contract should be considered a substantive process even if the set does not have outputs if it provides access to an assembled workforce that performs a critical process that the entity controls.	An acquired contract (e.g., an outsourcing arrangement) cannot provide a substantive process if the set does not have outputs.
Measurement-period adjustments	An acquirer should recognize adjustments to provisional amounts identified during the measurement period on a retrospective basis as if the accounting for the business combination had been completed at the acquisition date.	An acquirer must recognize adjustments to provisional amounts identified during the measurement period in the reporting period in which the adjustments are determined rather than retrospectively.
Contract assets and contract liabilities from contracts with customers acquired in a business combination	Under IFRS Accounting Standards, contract assets and contract liabilities from contracts with customers that are acquired in a business combination are recognized and measured at their acquisition-date fair values.	ASC 805, as amended by ASU 2021-08, requires "acquiring entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination." U.S. GAAP now differ from IFRS Accounting Standards in that an acquirer will generally recognize and measure acquired contract assets and contract liabilities in a manner consistent with how the acquiree recognized and measured them in its preacquisition financial statements.

5.2 Consolidation

Though both the IASB and the FASB use control as the foundation for their approaches to consolidation, the boards' standards are not converged. A notable difference is that under IFRS Accounting Standards, entities apply a single, control-based model, while under U.S. GAAP, entities determine consolidation by using a two-model approach (the VIE model or the voting interest entity model). Other key differences between IFRS Accounting Standards and U.S. GAAP, as shown in the table below, exist in (1) the definition of "control" and the identification of the primary beneficiary, (2) potential voting rights, (3) variable interests held by related parties, (4) de facto control, (5) reporting periods, and (6) accounting policies.

Topic	IFRS Accounting Standards (IFRS 10, IFRS 12, IFRS 3)	U.S. GAAP (ASC 810-10)
Scope exceptions	IFRS 10 provides a general scope exception for postemployment benefit plans or other long-term employee benefit plans. Investment companies present consolidated financial statements. As discussed below, since IFRS 10 does not have a separate VIE model, VIE scope exceptions are inapplicable. A parent is exempt from consolidation under IFRS 10 if (1) the parent is nonlisted, (2) it is itself a wholly owned subsidiary or a partially owned subsidiary and none of its other owners have objected to the parent's not presenting consolidated financial statements, and (3) its ultimate or intermediate parent prepares consolidated financial statements under IFRS Accounting Standards that are publicly available.	A reporting entity may be exempt from analyzing a legal entity for consolidation as a result of a general scope exception that applies to legal entities that are (1) employee benefit plans, (2) governmental entities, or (3) money market funds (in certain cases). Investment companies do not consolidate investees that are not investment companies (but note that there are some differences between the U.S. GAAP and IFRS definitions of an investment company). In addition, there are certain VIE scope exceptions.
Consolidation models	There is a single consolidation model that applies to all entities. Therefore, the concept of a VIE does not exist under IFRS 10. Though the VIE concept does not exist, the consolidation model and determination of who has a controlling financial interest in an entity under IFRS 10 are similar to those under ASC 810-10.	There are two models for determining when consolidation is appropriate. If a reporting entity has an interest in a VIE, it must apply the VIE consolidation model, which is based on power and economics, under ASC 810-10. If a reporting entity has an interest in an entity that is not a VIE, it must apply the voting control-based consolidation model (the voting interest entity model) under ASC 810-10.

(Table continued)

Topic	**IFRS Accounting Standards (IFRS 10, IFRS 12, IFRS 3)**	**U.S. GAAP (ASC 810-10)**
Definition of “control” and identification of the primary beneficiary	Consolidation is based solely on the concept of control of an investee by an investor. Paragraph 7 of IFRS 10 identifies three elements of such control: • “[P]ower over the investee.” • “[E]xposure, or rights, to variable returns from involvement with the investee.” • “[T]he ability to use its power over the investee to affect the amount of the investor’s returns.” The investor must possess all three elements to conclude that it controls the investee. The investor must consider all facts and circumstances when assessing whether it controls the investee.	The basis for consolidating an entity depends on whether it is a VIE or a voting interest entity: *VIE model* — An entity applies a qualitative assessment that is based on power and economics to determine which entity is the primary beneficiary of the legal entity and therefore must consolidate the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly affect the VIE’s economic performance and (2) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. *Voting interest entity model* — An entity generally considers voting rights. Typically, the conditions for consolidation are that (1) the entity owns a majority voting interest (i.e., more than 50 percent of the voting shares) and (2) the noncontrolling shareholders do not have substantive participating rights. ASC 810-10 further indicates that the power to control another entity may exist in other contracts or agreements outside of the shares.
Specific limited partnership (or similar entity) guidance	The concept does not exist.	A limited partnership would be considered a VIE regardless of whether it otherwise qualifies as a voting interest entity unless a simple majority or lower threshold of the “unrelated“ limited partners have substantive kick-out rights (including liquidation rights) or participating rights. For entities other than limited partnerships, a two-step process must be used to evaluate whether the equity holders (as a group) have power.
Control analysis — potential voting rights (e.g., warrants, call options on shares, or other instruments convertible into voting shares)	An entity considers substantive potential voting rights in determining control.	An entity generally does *not* consider potential voting rights in determining control.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 10, IFRS 12, IFRS 3)	U.S. GAAP (ASC 810-10)
Control analysis — shared power	Under IFRS 10, if two or more investors collectively control an investee (i.e., they must act together to direct the relevant activities of an entity), no investor individually controls the investee because no investor can direct the activities without the cooperation of the other(s). Each investor would account for its interest in the investee in accordance with the relevant IFRS Accounting Standards. If power is shared (i.e., joint control), IFRS 11 applies.	If a reporting entity determines that power is shared among multiple unrelated parties involved with a VIE, no party consolidates the VIE. Under the VIE model in ASC 810-10, power is considered shared if (1) two or more unrelated parties together have the power to direct the VIE's most significant activities and (2) decisions about those activities require the consent of each of the parties sharing power.
Control analysis — variable interests held by related parties and agency relationships	IFRS 10 includes a list of related parties and de facto agents; however, it does not assume that the related parties will act in concert. Instead, paragraph B73 of IFRS 10 states, "When assessing control, an investor shall consider the nature of its relationship with other parties and whether those other parties are acting on the investor's behalf (ie they are 'de facto agents'). The determination of whether other parties are acting as de facto agents requires judgement, considering not only the nature of the relationship but also how those parties interact with each other and the investor." The practical impact is that related parties are less likely to be consolidated by a reporting entity under IFRS 10 because the power and economics of the related party are attributed to the reporting entity only if the related party is acting as its de facto agent. Further, unlike U.S. GAAP, IFRS 10 does not require performance of the related-party tiebreaker test.	There are no prescriptive related-party rules under the voting interest entity model related to the determination of whether a reporting entity should consolidate a legal entity. However, the VIE model includes provisions that require related parties and de facto agents to be considered throughout the consolidation analysis. Interests held by related parties may result in the consolidation of the VIE by one of the related parties involved with it, even if none of the parties individually has a controlling financial interest over the VIE. If a reporting entity concludes that it does not meet the primary-beneficiary criteria but that the related-party group (including de facto agents) does, the reporting entity may be required to determine which party is most closely associated with the VIE and therefore must consolidate it.
Control analysis — de facto control	An investor with less than a majority of the voting rights may still have power over the investee if its voting rights give it "the practical ability to direct the relevant activities unilaterally" (see paragraph B41 of IFRS 10). This circumstance may arise when the investor's holdings of voting rights are significantly greater relative to the size and dispersion of the holdings of other investors.	The de facto control concept does not exist.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 10, IFRS 12, IFRS 3)	U.S. GAAP (ASC 810-10)
Differences in reporting dates	IFRS 10 requires entities to have the same reporting period unless impracticable to do so. If impracticable to do so, significant intervening transactions must be adjusted for in the consolidated financial statements, and the difference in reporting dates "shall be no more than three months."	A difference in reporting dates of no more than three months is allowed. Disclosure of the difference and an explanation about why the difference exists are required. An entity must disclose the effect of any material intervening transactions or events during the intervening period on the financial statements of the consolidated entity.
Differences in accounting policies	Upon consolidation, IFRS 10 requires the accounting policies of a parent and its subsidiaries to be conformed with respect to "using uniform accounting policies for like transactions and other events in similar circumstances."	Upon consolidation, the accounting policies of a parent and its subsidiaries should be conformed in the parent's consolidated financial statements unless differences between the policies can be justified.

5.3 Derivatives and Hedging

IFRS Accounting Standards and U.S. GAAP contain somewhat similar requirements related to derivatives and hedging. For example, both sets of standards require derivatives to be accounted for at fair value, and both distinguish between fair value hedges and cash flow hedges. However, the definition of a "derivative" is narrower under U.S. GAAP than it is under IFRS Accounting Standards and, as a result, more instruments may meet the definition under IFRS Accounting Standards. Further, although the base premise of hedge accounting is similar under IFRS Accounting Standards and U.S. GAAP, as the table below shows, there are numerous detailed differences in the requirements entities must follow under the two sets of standards to qualify for, document, and apply hedge accounting.

Topic	IFRS Accounting Standards (IFRS 9, IAS 32)	U.S. GAAP (ASC 815)
"Derivative" — definition	For an instrument to meet the definition of a derivative, the following characteristics must be present: • Its value changes in response to an underlying (e.g., specified interest rate, commodity price, foreign currency rate, credit rating, and so forth, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract). • It requires no or a small initial net investment. • It is settled at a future date. Though the definition of a derivative under IFRS Accounting Standards does not include a net settlement characteristic, contracts to purchase or sell nonfinancial items are within the scope of IFRS 9 only if they can be settled net.	For an instrument to meet the definition of a derivative, the following characteristics must be present: • It contains "[o]ne or more underlyings" and "[o]ne or more notional amounts or payment provisions or both" (ASC 815-10). • It requires no or a small initial net investment. • It requires or permits net settlement (i.e., via contractual terms or via means outside the contract), or it provides for delivery of an asset that is readily convertible to cash.
Derivatives — scope	While both IFRS Accounting Standards and U.S. GAAP provide scope exceptions for certain contracts to purchase or sell nonfinancial items that will be purchased, sold, or used in the normal course of business, under IFRS Accounting Standards, the own-use scope exception for qualifying contracts is not elective and does not require an entity to document its designation of a contract as "own-use."	The normal purchases and normal sales scope exception for qualifying contracts to purchase or sell nonfinancial items is elective and requires the designation to be documented.
Embedded derivatives — initial recognition	While the overall criteria for bifurcation are similar to those under U.S. GAAP, the bifurcation requirements do not apply to financial assets within the scope of IFRS 9. Therefore, if a hybrid contract contains a host that is a financial asset within the scope of IFRS 9, the bifurcation requirements do not apply.	The bifurcation requirements apply to both assets and liabilities, including financial assets. In addition, the application guidance under U.S. GAAP is more detailed than that under IFRS Accounting Standards. Accordingly, an entity may not necessarily reach the same conclusion under IFRS Accounting Standards as under U.S. GAAP about whether the conditions for bifurcation are met.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9, IAS 32)	U.S. GAAP (ASC 815)
Embedded derivatives — debt with embedded put or call option	A put, call, or prepayment option embedded in a debt contract liability is not considered closely related to a debt host contract unless (1) the exercise price is approximately equal on each exercise date to the debt host contract's amortized cost (before the separation of any equity component) or (2) the exercise price results in reimbursement to the lender for an amount up to the approximate present value of lost interest for the remaining term.	A put, call, or prepayment option embedded in a debt contract is considered not clearly and closely related to a debt host contract if (1) it is indexed to an underlying other than interest rates, credit risk, or inflation; (2) the debt involves a substantial discount or premium and the option is contingent; or (3) the option is not contingent and the negative-yield or double-double test is passed.
Embedded equity components — initial recognition	Embedded equity-linked features that qualify as equity are separated from liabilities and accounted for as equity.	Embedded equity-linked features that qualify as equity are not separated from liabilities except in specified circumstances (see Section 2.4).
Embedded equity components — initial measurement	The with-and-without method is used for initial measurement of equity components. The liability component is measured first.	Different methods apply for initial measurement of equity components depending on the reason an amount is allocated to equity.
Contract on an entity's own equity — exercise contingencies	Exercise contingencies are not specifically addressed by IAS 32. In practice, exercise contingencies that would preclude equity classification under U.S. GAAP may not do so under IFRS Accounting Standards.	Exercise contingencies must be evaluated to determine whether they preclude equity classification.
Contract on an entity's own equity — settlement amount	A contract on an entity's own equity must be fixed for fixed to qualify as equity. Unlike U.S. GAAP, IFRS Accounting Standards do not provide detailed guidance on contracts with adjustment provisions (e.g., antidilution provisions).	To qualify as equity, the contract must be a fixed-for-fixed forward or option on equity shares, or the only variables that can adjust the settlement amount are inputs to a fixed-for-fixed forward or option. Although the fixed-for-fixed concept under U.S. GAAP is similar to that under IFRS Accounting Standards, the application may differ in some respects (e.g., the accounting for instruments with down-round provisions).
Contract on an entity's own equity — net cash settlement provisions	Equity classification is precluded. Unlike U.S. GAAP, IFRS Accounting Standards do not contain detailed guidance on how to evaluate whether an entity might be required to net cash settle a contract that specifies share settlement.	Equity classification is precluded if the entity could be forced to net cash settle the contract. There is detailed guidance on how to assess whether an entity is able to settle in shares (e.g., whether the entity has sufficient authorized and unissued shares available to share settle the contract).

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9, IAS 32)	U.S. GAAP (ASC 815)
Contract on an entity's own equity — net share settlement provisions	Equity classification is precluded.	Equity classification is not precluded if the entity cannot be forced to net cash settle the contract.
Contract on an entity's own equity — settlement alternatives	Equity classification is precluded (unless all settlement alternatives are consistent with equity classification).	Equity classification is not precluded if the entity cannot be forced to net cash settle the contract.
Hedge accounting — "highly effective" threshold to quality for hedge accounting	The concept of a highly effective threshold does not exist; instead, IFRS 9 requires that (1) there is an economic relationship between the hedging instrument and the hedged item, (2) credit risk does not dominate the value changes that result from the economic relationship, and (3) the hedging relationship's hedge ratio reflects the hedge ratio of the actual quantities of the hedging instrument and the hedged item.	The hedging instrument must be highly effective at offsetting changes in fair value or cash flows.
Hedge documentation and initial prospective quantitative hedge effectiveness assessment	Entities are required to complete all hedge documentation at hedge inception.	Entities must complete most hedge documentation at hedge inception; however, they generally do not need to complete the initial prospective quantitative hedge effectiveness assessment until the first quarterly hedge effectiveness assessment date (i.e., up to three months), although earlier completion may be required in some circumstances. Private companies that are not financial institutions and certain not-for-profit entities do not need to perform and document the initial and subsequent quarterly effectiveness assessments until the date the next interim (if applicable) or annual financial statements are available to be issued (however, these entities must document certain aspects of the hedging relationship at hedge inception).
Hedge accounting — method for assessing effectiveness	IFRS Accounting Standards do not specify a method for assessing hedge effectiveness. Entities are required to make ongoing qualitative or quantitative assessments (at a minimum at each reporting date).	Entities are generally required to perform an initial quantitative prospective assessment of hedge effectiveness (unless the shortcut method is applied). However, if certain criteria are met, they can elect to subsequently perform prospective and retrospective effectiveness assessments qualitatively unless facts and circumstances change.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9, IAS 32)	U.S. GAAP (ASC 815)
Hedge accounting — shortcut method	The shortcut method is not permitted.	The shortcut method is permitted for hedging relationships involving an interest rate swap and an interest-bearing financial instrument that meet specific requirements. If an entity elects the shortcut method and later determines that it was not or is no longer appropriate, it can apply the long-haul method as long as: • The entity documented at hedge inception the quantitative method it would use to assess hedge effectiveness and measure hedging results if the shortcut method could not be applied. • The hedge was highly effective for the periods in which the shortcut method criteria were not met. The qualifying criteria also enable partial-term fair value hedges to qualify for shortcut accounting.
Hedge accounting — dedesignation	An entity may dedesignate the hedging relationship only when the hedging relationship (or a part of the hedging relationship) ceases to meet the qualifying criteria.	An entity may voluntarily discontinue hedge accounting at any time by removing the designation of the hedging relationship.
Hedge accounting — basis adjustment in cash flow hedges	If a hedged forecasted transaction results in the recognition of a nonfinancial asset or nonfinancial liability, or if it becomes a firm commitment for which fair value hedge accounting is applied, the amounts that were included in the cash flow hedge reserve are removed and included directly in the initial cost or other carrying amount of the related asset or the liability.	Basis adjustments for the realized effective amounts associated with cash flow hedges are not permitted. Instead, amounts in AOCI must be reclassified into earnings in the same period(s) in which the hedged forecasted transaction affects earnings.
Hedge accounting — nonfinancial risk components in cash flow hedges	An entity may designate nonfinancial components as hedged items under the principle that a component may be designated as a hedged item if it is separately identifiable and reliably measurable. There is no requirement that the component be contractually specified.	An entity is prohibited from designating changes in cash flows of a component of a nonfinancial item as the hedged risk, with the exception of the risk of changes in the functional-currency-equivalent cash flows of a forecasted purchase or sale attributable to changes in the related foreign currency exchange rate.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9, IAS 32)	U.S. GAAP (ASC 815)
Hedge accounting — measurement and recognition of hedge ineffectiveness in cash flow hedges	An entity must recognize and measure hedge ineffectiveness (other than that arising from cumulative cash flow underhedges) in each reporting period.	If the relationship between the hedged item and hedging instrument is highly effective at offsetting changes in the cash flows, an entity should record in OCI the entire change in the designated hedging instrument's fair value that is included in the hedge effectiveness assessment.
Application of critical-terms-match method to a cash flow hedge of a group of forecasted transactions	No formal approach exists; however, entities may be able to qualitatively assess hedge effectiveness when the critical terms of the hedging instrument match those of the hedged item.	Entities may use the critical-terms-match method when hedging the cash flows of a group of forecasted transactions if (1) those transactions occur within the same 31-day period or the same fiscal month in which the hedging derivative matures and (2) all other method requirements are met.
Hedge accounting — eligible benchmark interest rates in fair value hedges	An entity may designate components that are separately identifiable and reliably measurable.	ASC 815 prescribes the eligible benchmark interest rates that may be designated in fair value hedges of interest rate risk. The only permissible U.S. benchmark interest rates are U.S. Treasury rates, London Interbank Offered Rate swap rates, the Fed Funds Effective Rate Overnight Index Swap Rate, the Securities Industry and Financial Markets Association Municipal Swap Rate, and the Secured Overnight Financing Rate Overnight Index Swap Rate.

5.4 Fair Value Measurement

IFRS Accounting Standards and U.S. GAAP are largely converged though not identical in their requirements for measuring fair value and disclosing information about fair value measurements. For example, there are differences in their requirements for when an entity is required or permitted to measure items at fair value. The table below summarizes the key differences between IFRS Accounting Standards and U.S. GAAP regarding fair value measurement.

Topic	IFRS Accounting Standards (IFRS 13)	U.S. GAAP (ASC 820-10)
Inception gains and losses	An entity cannot recognize inception gains or losses for a financial instrument unless the instrument's fair value is demonstrated by a quoted price in an active market for an identical asset or liability or based on a valuation technique in which an entity uses only observable market data.	If an asset or a liability is measured initially at fair value, any difference between the transaction price and fair value is recognized immediately as a gain or loss in earnings unless otherwise specified.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 13)	U.S. GAAP (ASC 820-10)
NAV practical expedient	The NAV practical expedient for investments in investment companies is not provided.	An entity with an investment in an investment company may elect to use, as a measure of fair value in specific circumstances, the reported NAV without adjustment.
Financial liabilities with demand features	The fair value measurement of a financial liability with a demand feature (e.g., a demand deposit) cannot be less than the present value of the amount payable on demand.	The fair value measurement of a deposit liability is described as the amount payable on demand as of the reporting date.
Fair value of equity securities	In the determination of an equity security's fair value, the contractual restriction on the sale of the equity security is not excluded from the measurement.	In the determination of an equity security's fair value, the contractual restriction on the sale of the equity security must be excluded from the measurement.

5.5 Fair Value Option

Under both IFRS Accounting Standards and U.S. GAAP, an entity may elect the FVO for certain financial assets and financial liabilities under specific circumstances. However, because the scope of IFRS 9 differs from that of ASC 825 in certain respects, election of the FVO is not always permitted for the same items. The table below summarizes the key differences between the FVO under IFRS Accounting Standards and under U.S. GAAP.

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 825-10)
Scope and qualifying criteria	An entity may elect the FVO for a financial asset or a financial liability only if certain qualifying criteria are met: • Such an election eliminates or significantly reduces an "accounting mismatch" (i.e., an inconsistency in measurement or recognition). • A group of financial liabilities or a group of financial assets and financial liabilities is managed and its performance evaluated on a fair value basis. • The contract is not a financial asset and contains an embedded feature that meets certain criteria. Further, the FVO may be elected for a financial instrument that represents a credit exposure if the entity uses a credit derivative measured at FVTPL to manage its credit risk and certain criteria are met.	An entity may elect the FVO for most financial assets and financial liabilities; its ability to elect the FVO for eligible financial instruments is generally not limited.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 825-10)
Election dates	An entity may elect the FVO at initial recognition of a financial instrument. For financial instruments that represent credit exposures, election may be made after initial recognition or while the instrument is unrecognized.	An entity may elect the FVO at initial recognition of a financial instrument or upon the occurrence of certain specified events, such as when a previously recognized financial instrument becomes subject to the equity method of accounting.
Presentation of fair value changes of financial liabilities	For a financial liability for which the FVO has been elected, an entity defers fair value changes associated with credit risk through OCI unless doing so would create or increase an accounting mismatch. The balance in AOCI is not released into earnings upon derecognition of the financial liability.	For a financial liability for which the FVO has been elected, an entity defers fair value changes associated with credit risk through OCI. The balance in AOCI is released into earnings upon derecognition of the financial liability.

5.6 Foreign Currency Matters

The primary sources of guidance on accounting for foreign currency transactions and translations are IAS 21 and IAS 29 under IFRS Accounting Standards and ASC 830 under U.S. GAAP. Throughout this section, terminology applicable to both IFRS Accounting Standards and U.S. GAAP is used, depending on the applicable guidance (e.g., "foreign operation" in IFRS Accounting Standards versus "foreign entity" in U.S. GAAP).

Topic	IFRS Accounting Standards (IAS 21, IAS 29)	U.S. GAAP (ASC 830)
Determination of the functional currency	There is a hierarchy of factors for an entity to consider in determining the functional currency. Paragraph 9 of IAS 21 states, in part, that the two primary factors to consider are (1) the currency "that mainly influences [the entity's] prices for goods and services" and (2) the currency "that mainly influences [the] costs of providing goods or services." Paragraphs 10 and 11 of IAS 21 specify the secondary factors.	There is no hierarchy of factors for an entity to consider in determining the functional currency.

(Table continued)

Topic	IFRS Accounting Standards (IAS 21, IAS 29)	U.S. GAAP (ASC 830)
Translations when there is a change in functional currency	The effect of a change in functional currency that is unrelated to a hyperinflationary economy is accounted for prospectively from the date of the change. A change in functional currency should be recognized as of the date it is determined that there has been a change in the underlying events and circumstances relevant to the reporting entity that justifies a change in the functional currency. For convenience, and as a practical matter, there is a practice of using a date at the beginning of the most recent period.	The effect of a change in functional currency that is unrelated to a highly inflationary economy depends on whether the change is from the reporting currency to a foreign currency or vice versa. A change from the reporting currency to a foreign currency is accounted for prospectively from the date of the change. By contrast, a change from a foreign currency to the reporting currency is accounted for on the basis of the translated amounts at the end of the previous period.
Transaction gains and losses related to debt securities accounted for at FVTOCI	The unrealized change in the fair value of a debt instrument accounted for at FVTOCI that is attributable to changes in foreign exchange rates (calculated on the basis of the instrument's amortized cost) must be recognized in profit or loss.	The unrealized change in the fair value of an investment in a debt security classified as an AFS that is attributable to changes in foreign currency rates must be recognized in OCI.
Recognition of deferred taxes for temporary differences related to nonmonetary assets and liabilities from changes in the exchange rate	Deferred tax is recognized for temporary differences caused by changes in the exchange rate for nonmonetary assets and liabilities when the local currency amount is remeasured to the functional currency.	No deferred tax is recognized for temporary differences caused by changes in the exchange rate for nonmonetary assets and liabilities when the local currency amount is remeasured to the functional currency.
Parent and investee with different fiscal-year-end dates — differences in exchange rates	Under IFRS 10 and IAS 28, a reporting entity is required to prepare financial statements of the subsidiary or equity method investee by using the same fiscal-year-end date as that of the reporting entity's financial statements unless it is impractical to do so. If it is impractical, the difference can be no greater than three months, and adjustments should be made for significant post-balance-sheet changes in exchange rates, up to the date of the consolidated financial statements.	An entity may elect a policy of either disclosing, or both disclosing and recognizing, material intervening events.

(Table continued)

Topic	IFRS Accounting Standards (IAS 21, IAS 29)	U.S. GAAP (ASC 830)
Identifying what qualifies as a partial disposal that may result in a reclassification or reattribution of the cumulative translation adjustment (CTA)	IFRS Accounting Standards do not distinguish between partial disposals of investments *in* and those *within* a foreign operation. Accordingly, an entity can elect either the proportionate or absolute reduction approach as an accounting policy and, if applicable, can choose how the absolute reduction approach is applied.	Only changes in a parent's ownership interest (equity investments *in* a foreign entity) may be treated as partial disposals that result in a reclassification or reattribution of CTA. Accordingly, the sale or liquidation of the net assets within a foreign entity would not result in a release or reattribution of CTA (unless it results in a complete or substantially complete liquidation of the foreign entity).
Impact of CTA on the measurement of impairment losses of foreign investees held for disposal	An entity is not permitted to include related CTA in the carrying amount of an investment in a foreign operation that is being evaluated for impairment.	In certain circumstances, an entity is required to include related CTA in the carrying amount of an investment in a foreign entity that is being evaluated for impairment.
Adjusting financial statements of an entity that operates in a hyperinflationary economy	An entity adjusts the financial statements by using a general price level index before translating.	An entity adjusts the financial statements as if the reporting currency of the parent were the entity's functional currency.

5.7 Leases

IFRS 16 and ASC 842 address the accounting for leases, and both require lessees to recognize right-of-use assets and lease liabilities on the balance sheet for most lease contracts. While the two standards are converged with respect to the need for a lessee to recognize a right-of-use asset and a lease obligation, differences remain. The table below outlines some of the differences between IFRS 16 and ASC 842. Other differences may arise as a result of differences between IFRS Accounting Standards and U.S. GAAP in other standards, including those related to (1) impairment of financial instruments and long-lived assets other than goodwill and (2) the accounting for investment properties.

Topic	IFRS Accounting Standards (IFRS 16)	U.S. GAAP (ASC 842)
Scope	Scope includes leases of all assets (not limited to PP&E). Exceptions are similar to those in ASC 842. Lessees can elect to apply the guidance to rights to use certain intangible assets.	Scope includes leases of all PP&E and excludes: • Rights to use intangible assets. • Rights to explore for or use nonregenerative resources. • Rights to use biological assets. • Rights to use inventory. • Rights to use assets under construction.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 16)	U.S. GAAP (ASC 842)
Short-term lease definition	A short-term lease is defined as a lease that has a lease term of 12 months or less and does not include a purchase option (i.e., the likelihood that the purchase option will be exercised is not considered).	A short-term lease is defined as a lease that has a lease term of 12 months or less and does not include a purchase option that the lessee is reasonably certain to exercise.
Leases of low-value assets	A lessee may elect to recognize the payments for a lease of a low-value asset on a straight-line basis over the lease term (in a manner similar to its recognition of an operating lease under IAS 17). Such a lease would not be reflected on the lessee's balance sheet. IFRS 16 does not define "low value"; however, the Basis for Conclusions refers to assets individually with a value, when new, of $5,000 or less. In addition, an entity may adopt a reasonable capitalization policy based on materiality.	There is no exemption for leases of low-value assets under U.S. GAAP. However, the FASB believes that an entity may adopt a reasonable capitalization policy based on materiality.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 16)	U.S. GAAP (ASC 842)
Lease classification	*Lessee* — There is only a single accounting model for leases (i.e., all leases are effectively equivalent to finance leases under ASC 842), so classification of leases is unnecessary. *Lessor* — A lessor must perform a lease classification assessment as of the **inception** date. A lease is classified as a finance lease if it transfers substantially all of the risks and rewards related to ownership; otherwise, it is classified as an operating lease. This determination is not based on meeting any criterion. However, examples of situations that individually or in combination would indicate a finance lease include: • The lease transfers ownership of the underlying asset. • The lease grants an option to purchase the underlying asset that the lessee is reasonably certain to exercise. • The lease term is for the major part of the remaining economic life of the underlying asset. • The present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset. • The underlying asset is of a specialized nature and has no alternative use to the lessor. Other situations in which a lease could be a finance lease include: • The lessee bears the lessor's losses for early cancellation. • Gains or losses related to the asset at the end of the lease accrue to the lessee. • The lessee can renew the lease for rent at a rate that is substantially lower than the market rate.	*Lessee* — There are two accounting models for leases, and the model will dictate the pattern of expense recognition associated with the lease. Therefore, a lessee must perform a lease classification assessment as of the commencement date. Under ASC 842-10-25-2, a lessee must classify a lease as a finance lease if any of the following criteria are met: • "The lease transfers ownership of the underlying asset." • "The lease grants an option to purchase the underlying asset that the lessee is reasonably certain to exercise." • "The lease term is for the major part of the remaining economic life of the underlying asset." • "The present value of the sum of the lease payments and any residual value guaranteed by the lessee . . . equals or exceeds substantially all of the fair value of the underlying asset." • "The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor." If none of these criteria are met, the lease would be classified as an operating lease. *Lessor* — A lessor must perform a lease classification assessment as of the **commencement date**. The criteria governing when a lessor must classify a lease as a sales-type lease are the same as those that govern when a lessee must classify a lease as a finance lease; therefore, if any of the criteria noted above apply, the lessor would classify the lease as a sales-type lease.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 16)	U.S. GAAP (ASC 842)
Lease classification (continued)		If none of those criteria are met, the lessor would classify the lease as a direct financing lease in accordance with ASC 842-10-25-3 if (1) the present value of the sum of the lease payments and any third-party guarantee of the residual value "equals or exceeds substantially all of the fair value of the underlying asset" and (2) "[i]t is probable that the lessor will collect the lease payments plus any amount necessary to satisfy a residual value guarantee." Otherwise, the lease would be classified as an operating lease.
Lessee's subsequent accounting for right-of-use (ROU) asset and lease expense	A single accounting model is used. The ROU asset is generally amortized on a straight-line basis. This amortization, when combined with the interest on the lease liability, results in a front-loaded expense profile. That is, the single lessee accounting model under IFRS 16 is similar to that of a finance lease under ASC 842. Interest expense on the lease liability and amortization of the ROU asset are presented separately in the income statement.	The accounting depends on the lease classification: • *Finance leases* — The ROU asset is generally amortized on a straight-line basis. This amortization, when combined with the interest on the lease liability, results in a front-loaded expense profile. Interest and amortization are presented separately in the income statement. • *Operating leases* — Lease expense generally results in a straight-line expense profile that is presented as a single line in the income statement. As interest on the lease liability is generally declining over the lease term, amortization of the ROU asset is increasing over the lease term to provide a constant expense profile.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 16)	U.S. GAAP (ASC 842)
Lessor accounting	*Core model* — The model substantially retains the lessor measurement approach in IAS 17 for operating and finance leases. Selling profit for a finance lease is recognized at lease commencement. *Separating lease and nonlease components* — A similar practical expedient is not available. *Sales tax and lessor costs* — A similar practical expedient is not available. In addition, there are no similar provisions related to lessor costs paid directly to a third party by a lessee. *Fair value of the underlying asset* — A similar amendment to the definition of fair value has not been made.	*Core model* — The model substantially retains the lessor measurement approach in ASC 840 for operating, direct financing, and sales-type leases. Selling profit for a sales-type lease is recognized at lease commencement. Selling profit on a direct financing lease, if any, is deferred and recognized as interest income over the lease term. *Separating lease and nonlease components* — ASC 842-10-15-42A offers lessors a practical expedient under which they can elect not to separate lease and nonlease components when certain conditions are met. *Sales tax and lessor costs* — ASC 842-10-15-39A offers lessors a practical expedient under which they can present sales taxes collected from lessees on a net basis. In addition, lessor costs paid directly to a third party by a lessee should be excluded from variable payments. *Fair value of the underlying asset* — ASC 842-30-55-17A amends the definition of fair value for lessors that are not manufacturers or dealers in such a way that the fair value of the underlying asset is its cost unless a significant lapse of time has occurred.
Recognition of variable lease payments that do not depend on an index or rate	A lessee should recognize variable lease payments not included in its lease liability (e.g., payments based on the achievement of a target) in the period in which the target is achieved.	A lessee should recognize variable lease payments not included in its lease liability (e.g., payments based on the achievement of a target) in the period in which achievement of the target that triggers the variable lease payments becomes probable.
Reassessment of variable lease payments that depend on an index or rate	A lessee reassesses variable payments based on an index or rate whenever there is a change in contractual cash flows (e.g., the lease payments are adjusted for a change in the CPI) or when the lease obligation is remeasured for other reasons.	A lessee reassesses variable payments based on an index or rate only when the lease obligation is remeasured for other reasons (e.g., a change in lease term or modification).

(Table continued)

Topic	IFRS Accounting Standards (IFRS 16)	U.S. GAAP (ASC 842)
Lessee's incremental borrowing rate	The lessee's incremental borrowing rate is the rate a lessee would pay to borrow over a similar term, and with a similar security, the funds necessary to obtain **an asset with a value similar to the ROU asset** in a similar economic environment.	The lessee's incremental borrowing rate is the rate a lessee would pay to borrow, on a collateralized basis over a similar term, **an amount equal to the lease payments** in a similar economic environment.
Modifications of operating leases for lessors	If an operating lease is modified and not accounted for as a separate contract, the lessor accounts for the modified lease as a new lease from the date of the modification. The lessor should include any prepaid or accrued lease payments related to the original lease in the lease payments associated with the new lease.	If an operating lease is modified and not accounted for as a separate contract, the treatment depends on how the modified lease is classified: • *Modified lease classified as an operating lease* — The lessor should include any prepaid or accrued lease rentals related to the original lease in the lease payments associated with the new lease. • *Modified lease classified as a sales-type or direct financing lease* — The lessor should derecognize any deferred rent liability or accrued rent asset and adjust the selling profit or loss.
Modifications that reduce the lease term for lessees	A reduction in the lease term is considered a decrease in the scope of the lease. A lessee should thus remeasure the lease liability, with a proportionate reduction in the ROU asset, and recognize a gain or loss for any difference as of the effective date of the modification.	A reduction in the lease term is **not** considered a decrease in the scope of the lease. A lessee should thus remeasure the lease liability, with a corresponding reduction in the ROU asset, but should **not** recognize any gain or loss as of the effective date of the modification unless the ROU asset is reduced to zero.
Collectibility of lease payments	There is no explicit guidance on considering the collectibility of lease payments within IFRS 16.	A lessor considers the collectibility of lease payments when determining whether a lease should be classified as a direct financing lease or an operating lease. A lessor does *not* assess the collectibility of lease payments when determining whether a lease should be classified as a sales-type lease. As a result of changes in the collectibility of lease payments, lease income may be recognized on a cash basis.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 16)	U.S. GAAP (ASC 842)
Modifications of sales-type or direct financing leases for lessors	A lessor's accounting for a modification to a finance lease (that is not accounted for as a separate contract) depends on whether the lease would have been classified as an operating lease had the modification been in effect at lease inception: • *Modified lease would have been classified as an operating lease* — The lessor accounts for the modified lease as a new lease from the modification date. The carrying amount of the underlying asset should be measured as the net investment in the lease immediately before the modification date. • *Modified lease would not have been classified as an operating lease* — The lessor applies the requirements in IFRS 9.	A lessor's accounting for a modification to a sales-type or direct financing lease depends on how the original and modified leases are classified: • Original lease is a **sales-type lease** and: ◦ *Modified lease is a sales-type or direct financing lease* — The discount rate for the modified lease is adjusted 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 modification date. ◦ *Modified lease is an operating lease* — The carrying amount of the underlying asset should equal the net investment in the original lease before the modification date. • Original lease is a **direct financing lease** and: ◦ *Modified lease is a direct financing lease* — The discount rate for the modified lease is adjusted 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 modification date. ◦ *Modified lease is a sales-type lease* — The lessor calculates the selling profit or loss on the lease, the fair value of the underlying asset, and the asset's carrying amount immediately before the modification date. ◦ *Modified lease is an operating lease* — The carrying amount of the underlying asset should equal the net investment in the original lease before the modification date.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 16)	U.S. GAAP (ASC 842)
Sublease	The intermediate lessor would classify a sublease by considering the **ROU asset** of the head lease as the leased asset in the sublease.	The intermediate lessor would classify a sublease by considering the **underlying asset** of the head lease (instead of the ROU asset) as the leased asset in the sublease.
Sale-and-leaseback arrangements	The transaction would not be considered a sale if it does not qualify as a sale under IFRS 15. A repurchase option would always result in a failed sale. For transactions that qualify as a sale, the gain would be limited to the amount related to the residual portion of the asset sold. The amount of the gain related to the underlying asset leased back to the lessee would be offset against the lessee's ROU asset.	The transaction would not be considered a sale if (1) it does not qualify as a sale under ASC 606 or (2) the leaseback is a finance lease. A repurchase option would result in a failed sale unless (1) the exercise price of the option is at fair value and (2) alternative assets are readily available in the marketplace. If the transaction qualifies as a sale, the entire gain on the transaction would be recognized.

5.8 Derecognition of Financial Assets

IFRS Accounting Standards and U.S. GAAP have different models for the determination of whether a transferred financial asset qualifies for derecognition. Under IFRS Accounting Standards, an entity applies a multistep derecognition model that (1) always considers the risks and rewards of ownership and (2) may include an assessment of control over a transferred financial asset. Under U.S. GAAP, an entity applies a control-based model and derecognizes assets when control is surrendered. The table below illustrates the differences between IFRS Accounting Standards and U.S. GAAP regarding the derecognition of financial assets.

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 860)
Control versus risks and rewards of ownership	An entity applies a multistep derecognition model that (1) always considers the risks and rewards of ownership and (2) may include an assessment of control over a transferred financial asset.	An entity applies a control-based model to determine derecognition and derecognize assets when control is surrendered.
"Control" — definition	Control of a financial asset is surrendered if the transferee has the unilateral ability to sell that transferred asset. However, control is not the sole determining factor in the assessment of derecognition.	Control of a financial asset is surrendered only if (1) the transferred asset is legally isolated from the transferor; (2) the transferee has the ability to freely pledge or exchange the transferred financial asset (or third-party beneficial interest holders have the right to pledge or exchange the beneficial interests if the transferee's sole purpose is to engage in securitization or asset-backed financing activities); and (3) neither the transferor nor its consolidated affiliates or agents maintain effective control over the transferred asset through other rights.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 860)
Concept of legal isolation	There is no concept or test of legal isolation of the transferred asset from the transferor. Accordingly, there is no requirement for the transferor to obtain a true sale opinion from a qualified attorney that practices bankruptcy law to demonstrate legal isolation of the transferred asset.	Unless the transferor has no continuing involvement in transferred financial assets, it generally must obtain a true sale opinion from a qualified attorney who practices bankruptcy law to determine whether the transferred asset meets the legal isolation condition. A true sale opinion may not be required if (1) the transferor's only continuing involvement pertains to standard representations and warranties and (2) the transferor is able to conclude that a true sale opinion that would support the legal isolation could be obtained from an attorney if requested.
Transfers of a portion of a financial asset	For a specified portion of a financial asset to be assessed for derecognition, certain conditions must be met. If they are not met, the entire asset must be assessed for derecognition.	Derecognition of a portion of a financial asset is allowed if the portion of the financial asset meets the definition of a participating interest and certain conditions are met.
Retaining the rights to the cash flows of a financial asset ("pass-through arrangements")	An entity can derecognize a financial asset regardless of whether it retains the right to the contractual cash flows of that asset, provided that three restrictive conditions for pass-through arrangements are met.	Derecognition of a financial asset is not allowed if the contractual rights to the cash flows of that asset are retained.
Impact of a cleanup call	Regardless of whether a call option is considered a cleanup call, an entity must consider the effect of that call option when determining whether (1) substantially all the risks and rewards of ownership of a financial asset are transferred or retained and (2) control over the financial asset is surrendered.	A call option held by a transferor that (1) is also the servicer and (2) meets the definition of a cleanup call does not cause the transferor to maintain effective control over the transferred financial assets.
Repurchase agreements	IFRS 9 does not provide conditions for derecognition that are specific to repurchase agreements.	ASC 860 provides restrictive conditions an entity must consider when determining whether continued recognition of a transferred financial asset subject to a repurchase agreement is appropriate.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 9)	U.S. GAAP (ASC 860)
Recognition and measurement of a secured borrowing	If an entity retains substantially all the risks and rewards of ownership of a financial asset, a secured borrowing equal to the consideration received is initially recognized. If an entity has neither retained nor transferred substantially all risks and rewards but has retained control over the financial asset, the secured borrowing is initially recognized only to the extent of the entity's continuing involvement in the transferred asset.	A secured borrowing equal to the consideration received must be recognized if a transfer of financial assets fails to qualify for derecognition.
Recognition and measurement of a servicing asset or liability	A servicing asset retained as part of a transfer of financial assets is considered a retained interest in those transferred assets. Therefore, the servicing asset is initially recognized at its allocated previous carrying amount on the basis of its relative fair value as of the transfer date. No special guidance is provided on the subsequent measurement of a servicing right. Servicing assets are considered to be intangible, and servicing liabilities are considered to be provisions.	A servicing asset must be initially recognized at fair value. An entity has the option to subsequently measure a servicing asset or liability at either fair value or amortized cost.

5.9 Other Considerations

Various other differences exist between IFRS Accounting Standards and U.S. GAAP on topics such as government grants, subsequent events, and interim financial reporting. Some of these key differences are summarized in the table below.

Topic	IFRS Accounting Standards (IFRS 1, IAS 34, IAS 20, IAS 10, IFRS 9, IFRS 7)	U.S. GAAP (ASC 270, ASC 832, ASC 855, ASC 848, ASC 470, ASC 310, ASC 815)
First-time adoption of IFRS Accounting Standards	The guidance provides procedures that an entity must follow when it adopts IFRS Accounting Standards for the first time as the basis for preparing its general purpose financial statements. The standards impose a number of mandatory exceptions and grant a number of optional exemptions from the general requirement to comply with each IFRS Accounting Standard effective at the end of the entity's first IFRS Accounting Standards reporting period.	No such procedures are provided.

(Table continued)

Topic	IFRS Accounting Standards (IFRS 1, IAS 34, IAS 20, IAS 10, IFRS 9, IFRS 7)	U.S. GAAP (ASC 270, ASC 832, ASC 855, ASC 848, ASC 470, ASC 310, ASC 815)
Interim financial reporting — cost allocation	As indicated in IAS 34, a "cost that does not meet the definition of an asset at the end of an interim period is not deferred in the statement of financial position either to await future information as to whether it has met the definition of an asset or to smooth earnings over interim periods within a financial year."	If a specific cost or expense item charged to expense for annual reporting purposes benefits more than one interim period, the cost or expense item may be allocated to those interim periods.
Government grants	IFRS Accounting Standards provide guidance on the recognition and measurement of government grants (including below-market government loans), along with disclosure requirements for government grants and other forms of government assistance. Generally, grants are recognized when there is reasonable assurance that the related conditions will be met and the grants will be received, with related profit or loss recorded on a systematic basis depending on the type of grant.	No explicit guidance is provided related to the recognition and measurement of government grants or other forms of government assistance other than industry guidance for not-for-profit entities. Some companies follow the approach outlined in ASC 958-605 (contribution model) or in IAS 20 (grant model) by analogy, but there is diversity in practice.
Subsequent events — evaluation date	An entity must evaluate subsequent events through the date the financial statements are authorized for issuance.	An entity must evaluate subsequent events through the date the financial statements are issued or available to be issued.
Reference rate reform	To ease the transition to alternative benchmark interest rates, the guidance includes **mandatory** exceptions to certain guidance related to contract modifications (i.e., for contracts involving financial instruments and leases as well as other contracts) and hedge accounting. There is no fixed end date.	To ease the transition to alternative benchmark interest rates, the guidance provides **optional** exceptions to certain guidance related to contract modifications (i.e., for contracts involving financial instruments and leases as well as other contracts), hedge accounting, sales or transfers of HTM securities, and reassessments of embedded derivatives. There is a fixed end date (December 31, 2024).

Appendix A — Significant Adoption Dates

The charts below describe significant adoption dates for IFRS Accounting Standards and U.S. GAAP for public business entities (PBEs).

IFRS Accounting Standards	Effective Date	Early Adoption Allowed (Yes/No)	Deloitte Resources
Final Guidance			
Supplier Finance Arrangements — amendments to IAS 7 and IFRS 7 (issued May 25, 2023)	Annual reporting periods beginning on or after January 1, 2024.	Yes	May 30, 2023, *IFRS in Focus*
International Tax Reform — Pillar Two Model Rules — amendments to IAS 12 (issued May 23, 2023)	Annual reporting periods beginning on or after January 1, 2023.	N/A	May 28, 2023, *IFRS in Focus*
Non-current Liabilities with Covenants — amendments to IAS 1 (issued October 31, 2022)	Annual reporting periods beginning on or after January 1, 2024.	Yes	November 2, 2022, *IFRS in Focus*
Lease Liability in a Sale and Leaseback — amendments to IFRS 16 (issued September 22, 2022)	Annual reporting periods beginning on or after January 1, 2024.	Yes	September 27, 2022, *IFRS in Focus*

U.S. GAAP	Effective Date for PBEs	Early Adoption Allowed (Yes/No)	Deloitte Resources
Final Guidance			
ASU 2023-02, *Investments — Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method* — a consensus of the Emerging Issues Task Force (issued March 29, 2023)	Fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.	Yes	
ASU 2022-04, *Liabilities — Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations* (issued September 29, 2022)	Fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, except for the disclosure of rollforward information, which is effective for fiscal years beginning after December 15, 2023.	Yes	September 30, 2022, *Heads Up*
ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* (issued June 30, 2022)	Fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.	Yes	July 1, 2022, *Heads Up*

Appendix B — Titles of Standards and Other Literature

FASB Literature

ASC Topics

ASC 205, *Presentation of Financial Statements*

ASC 220, *Income Statement — Reporting Comprehensive Income*

ASC 230, *Statement of Cash Flows*

ASC 250, *Accounting Changes and Error Corrections*

ASC 260, *Earnings per Share*

ASC 270, *Interim Reporting*

ASC 280, *Segment Reporting*

ASC 310, *Receivables*

ASC 320, *Investments — Debt Securities*

ASC 321, *Investments — Equity Securities*

ASC 323, *Investments — Equity Method and Joint Ventures*

ASC 326, *Financial Instruments — Credit Losses*

ASC 330, *Inventory*

ASC 350, *Intangibles — Goodwill and Other*

ASC 360, *Property, Plant, and Equipment*

ASC 410, *Asset Retirement and Environmental Obligations*

ASC 420, *Exit or Disposal Cost Obligations*

ASC 450, *Contingencies*

ASC 470, *Debt*

ASC 480, *Distinguishing Liabilities From Equity*

ASC 505, *Equity*

ASC 605, *Revenue Recognition*

ASC 606, *Revenue From Contracts With Customers*

ASC 710, *Compensation — General*

ASC 712, *Compensation — Nonretirement Postemployment Benefits*

ASC 715, *Compensation — Retirement Benefits*

ASC 718, *Compensation — Stock Compensation*

ASC 720, *Other Expenses*

ASC 740, *Income Taxes*

ASC 805, *Business Combinations*

ASC 808, *Collaborative Arrangements*

ASC 810, *Consolidation*

ASC 815, *Derivatives and Hedging*

ASC 820, *Fair Value Measurement*

ASC 825, *Financial Instruments*

ASC 830, *Foreign Currency Matters*

ASC 832, *Government Assistance*

ASC 835, *Interest*

ASC 840, *Leases*

ASC 842, *Leases*

ASC 848, *Reference Rate Reform*

ASC 855, *Subsequent Events*

ASC 860, *Transfers and Servicing*

ASC 985, *Software*

ASUs

ASU 2018-12, *Financial Services — Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*

ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*

ASU 2020-11, *Financial Services — Insurance (Topic 944): Effective Date and Early Application*

ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*

ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities From Contracts With Customers*

ASU 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging — Portfolio Layer Method*

ASU 2022-02, *Financial Instruments — Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*

IFRS Literature

IAS 1, *Presentation of Financial Statements*

IAS 2, *Inventories*

IAS 7, *Statement of Cash Flows*

IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

IAS 10, *Events After the Reporting Period*

IAS 12, *Income Taxes*

IAS 16, *Property, Plant and Equipment*

IAS 17, *Leases*

IAS 19, *Employee Benefits*

IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*

IAS 21, *The Effects of Changes in Foreign Exchange Rates*

IAS 23, *Borrowing Costs*

IAS 28, *Investments in Associates and Joint Ventures*

IAS 29, *Financial Reporting in Hyperinflationary Economies*

IAS 32, *Financial Instruments: Presentation*

IAS 33, *Earnings per Share*

IAS 34, *Interim Financial Reporting*

IAS 36, *Impairment of Assets*

IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*

IAS 38, *Intangible Assets*

IAS 40, *Investment Property*

IFRS 1, *First-Time Adoption of International Financial Reporting Standards*

IFRS 2, *Share-Based Payment*

IFRS 3, *Business Combinations*

IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*

IFRS 7, *Financial Instruments: Disclosures*

IFRS 8, *Operating Segments*

IFRS 9, *Financial Instruments*

IFRS 10, *Consolidated Financial Statements*

IFRS 11, *Joint Arrangements*

IFRS 12, *Disclosure of Interests in Other Entities*

IFRS 13, *Fair Value Measurement*

IFRS 15, *Revenue From Contracts With Customers*

IFRS 16, *Leases*

IFRS 17, *Insurance Contracts*

IFRIC Interpretation 14, *IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

IFRIC Interpretation 23, *Uncertainty Over Income Tax Treatments*

Appendix C — Abbreviations

Abbreviation	Description
AFS	available for sale
AOCI	accumulated other comprehensive income
APIC	additional paid-in capital
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
CGU	cash-generating unit
CPI	consumer price index
CTA	cumulative translation adjustment
DTA	deferred tax asset
DTL	deferred tax liability
EPS	earnings per share
FASB	Financial Accounting Standards Board
FIFO	first in, first out
FVO	fair value option
FVTNI	fair value through net income
FVTOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
GAAP	generally accepted accounting principles
HFI	held for investment
HFS	held for sale

Abbreviation	Description
HTM	held to maturity
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standard
IP	intellectual property
IPO	initial public offering
IPR&D	in-process research and development
LIFO	last in, first out
LLC	limited liability corporation
NAV	net asset value
OCI	other comprehensive income
PBE	public business entity
PP&E	property, plant, and equipment
ROU	right of use
SEC	U.S. Securities and Exchange Commission
SPPI	solely payments of principal and interest
VIE	variable interest entity
YTD	year-to-date

Appendix D — Roadmap Updates for 2023

The table below summarizes the substantive changes made in the 2023 edition of this Roadmap.

Section	Title	Description
1.2	Investments in Debt and Equity Securities	Added discussions of (1) the reclassification of debt securities and (2) the reversal of recognized impairment losses for debt securities.
4.1	Presentation of Financial Statements	Added discussions of the classification of debt obligations for new IFRS guidance.