

# Accounting standard updates

US GAAP and IFRS

November 2025



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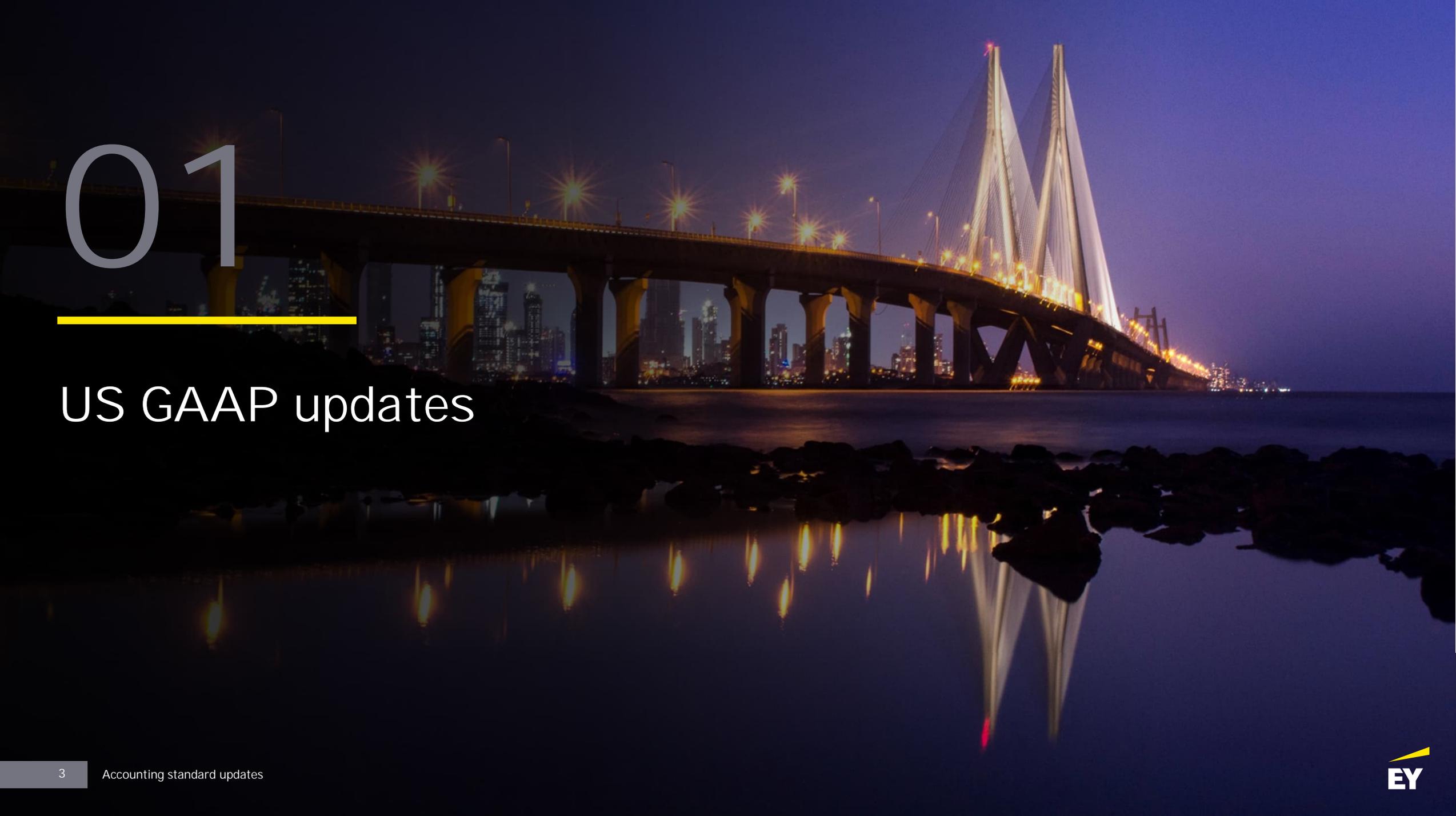
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# Agenda

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01

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# US GAAP updates

# US GAAP Accounting Standard Updates (ASUs) issued in 2025: overview

FASB<sup>1</sup> has issued the following ASUs in 2025, to date:

- **Update 2025-01**—Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date
- **Update 2025-02**—Liabilities (405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122
- **Update 2025-03**—Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity
- **Update 2025-04**—Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer
- **Update 2025-05**—Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets

Each of the above ASUs will be discussed further in the following slides.

1. The Financial Accounting Standards Board (FASB) Accounting Standards Codification® (FASB Codification) is the sole source of authoritative GAAP other than SEC issued rules and regulations that apply only to SEC registrants. The FASB issues an Accounting Standards Update (Update or ASU) to communicate changes to the FASB Codification, including changes to non-authoritative SEC content. ASUs are not authoritative standards.

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# ASUs: key provisions, affected entities and effective date

	Key provisions	Affected entities	Effective date
ASU 2025-01, January 2025: Income Statement – Reporting comprehensive income – Expense disaggregation disclosures (Subtopic 220-40) – Clarifying the effective date	The amendment clarifies that all public business entities must adopt previous ASU 2024-03 in their first annual reporting period starting after December 15, 2026, and in interim periods within annual reporting periods beginning after December 15, 2027.	The amendment primarily affects all public business entities, with specific implications for non-calendar year-end entities regarding the timing of adoption.	The effective date for the amendments is set for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods beginning after December 15, 2027.
ASU 2025-02, March 2025: Liabilities (Topic 405) amendments to SEC paragraphs pursuant to SEC Staff Accounting Bulletin No. 122	The ASU modifies SEC paragraph 405-10-S99-1 to reflect the guidance from SAB Topic 5.FF, which discusses the unique risks and uncertainties associated with safeguarding crypto-assets, including technological, legal, and regulatory risks. This includes liability recognition, asset recognition and disclosure requirements.	The amendments primarily affect entities that operate platforms allowing users to transact in crypto assets and have obligations to safeguard those assets. Other entities conducting initial registrations of securities or business combinations involving shell companies.	The first interim or annual period ending after June 15, 2022, with retrospective application required for certain entities.

# ASUs: key provisions, affected entities and effective date (cont.)

	Key provisions	Affected entities	Effective date
ASU 2025-03, May 2025: Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the accounting acquirer in the acquisition of a variable interest entity	This ASU requires entities involved in acquisition transactions primarily by exchanging equity interests, where the legal acquirer is a VIE that meets the definition of a business, to consider specific factors to determine the accounting acquirer. This contrasts with current guidance, which mandates that the primary beneficiary of a VIE is always the accounting acquirer.	The amendments affect entities involved in acquisition transactions primarily by exchanging equity interests when the legal acquirer is a VIE that meets the definition of a business.	The amendments are effective for all entities for annual reporting periods beginning after December 15, 2026, including interim reporting periods within those annual reporting periods. Early adoption is allowed as of the beginning of an interim or annual reporting period.
ASU 2025-04, May 2025: Compensation – Stock compensation (Topic 718) and Revenue from contracts with customers (Topic 606): Clarifications to share-based consideration payable to a customer	The update revises the definition of “performance condition” to explicitly include conditions based on customer purchases, enhancing clarity on whether such conditions are classified as performance or service conditions.	The amendments affect all entities that issue share-based consideration to customers within the scope of Topic 606. Entities can apply the new guidance on a modified retrospective or retrospective basis. Under the modified retrospective approach, a cumulative-effect adjustment is recognized at the beginning of the period of adoption. Under the retrospective approach, comparative periods are recast.	The amendments are effective for all entities for annual reporting periods beginning after December 15, 2026, including interim reporting periods. Early adoption is permitted.

# ASUs: key provisions, affected entities and effective date (cont.)

	Key provisions	Affected entities	Effective date
ASU 2025-05, July 2025: Financial Instruments – Credit losses (Topic 326): Measurement of credit losses for accounts receivable and contract assets	<p>Practical expedient: All entities can elect a practical expedient that assumes current conditions as of the balance sheet date do not change for the asset's remaining life.</p> <p>Accounting policy election: Entities other than public business entities can choose to consider collection activity after the balance sheet date when estimating expected credit losses.</p>	The amendments apply to all entities estimating expected credit losses on current accounts receivable and contract assets under Topic 606 (Revenue from Contracts with Customers).	The amendments will be effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted.

# Question on US GAAP updates

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What entities are primarily affected by ASU 2025-02 :  
Liabilities (Topic 405)?

- A Entities selling physical goods
- B Insurance entities
- C Entities operating crypto-asset transacting platforms
- D Government and public administration entities

# 02

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## IFRS updates

# IFRS Accounting Standards (IFRS) Amendments and New Standards 2025: overview

The tables below demonstrates the new International Financial Reporting Standards (IFRSs)<sup>1</sup> pronouncements published by the International Accounting Standards Board (IASB), as of March 2025, which includes both amendments to existing standards and new standards, along with their respective effective dates.

Amendments to existing standards	Effective date
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1	1 Jan 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 Jan 2024
Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 Jan 2024
Lack of exchangeability – Amendments to IAS 21	1 Jan 2025
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 Jan 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 Jan 2026

New standards	Effective date
IFRS 18 - Presentation and Disclosure in Financial Statements	1 Jan 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 Jan 2027

1. International Financial Reporting Standards (IFRSs) are published by the International Accounting Standards Board (IASB). Entities reporting under IFRS accounting standards (IFRS) continue to face a steady flow of new standards issued by the IASB as well as amendments to existing standards. The resulting changes range from significant amendments of fundamental principles to some minor changes from the annual improvements process (AIP).

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# Amendments to Existing Standards: overview and impact on entities

Standard	Amendments overview	Impacts
IAS 1 Presentation to Financial Statements	<p>The amendments to IAS 1 specify the requirements for classifying liabilities as current or noncurrent. They clarify:</p> <ul style="list-style-type: none"> <li>▪ What is meant by a right to defer settlement</li> <li>▪ That a right to defer settlement must exist at the end of the reporting period</li> <li>▪ That classification is unaffected by the likelihood that an entity will exercise its deferral right</li> <li>▪ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification</li> <li>▪ Disclosures</li> </ul>	<p>Entities need to carefully consider the impact of the amendments on existing and planned loan agreements. In this context, it is important to highlight that the amendments must be applied retrospectively.</p>
IFRS 16 Leases	<p>The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.</p>	<p>The change in recognition and measurement requirements can affect leverage ratios, such as debt-to-equity ratios, which may impact borrowing capacity and financial covenants.</p>
IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures	<p>The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.</p>	<p>Entities will need to adapt their reporting practices to comply with these changes, which may involve operational adjustments and increased disclosures.</p>

# Amendments to Existing Standards: overview and Impact on entities (cont.)

Standard	Amendments overview	Impacts
IAS 21– The effects of changes in foreign exchange rates	The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.	Entities will need to adapt their accounting practices, enhance disclosures, and potentially reevaluate their currency risk management strategies to comply with the new requirements.
Amendments to IFRS 9 and IFRS 7: Amendments to the classification and measurement of financial instruments	<p>The amendments clarify:</p> <ul style="list-style-type: none"> <li>▪ That a financial liability is derecognized on the “settlement date,” i.e., when the related obligation is discharged, canceled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.</li> <li>▪ How to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.</li> <li>▪ The treatment of non-recourse assets and contractually linked instruments.</li> <li>▪ Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.</li> </ul>	The amendments impact how entities assess contractual cash flow characteristics and could lead to changes in financial statements. They specify when financial liabilities settled via electronic payment systems can be deemed discharged, affecting the recognition of gains or losses on derecognition. Additionally, the amendments enhance disclosure requirements necessitating updates to accounting policies and procedures.

# Amendments to Existing Standards: overview and Impact on entities (cont.)

Standard	Amendments overview	Impacts
<p>IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Amendments to contracts referencing nature-dependent electricity</p>	<p>The amendments:</p> <ul style="list-style-type: none"> <li>▪ Clarify the application of the “own-use” requirements for in scope contracts. Under the amendments, the sale of unused nature-dependent electricity will be in accordance with an entity’s expected purchase or usage requirements, if specified criteria are met.</li> <li>▪ Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments will allow an entity to designate a variable nominal volume of forecast electricity transactions as a hedged item, if specified criteria are met.</li> <li>▪ Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows. IFRS 7 has been amended to require specific disclosures relating to contracts that have been excluded from the scope of IFRS 9 as a result of the amendments.</li> </ul>	<p>The amendments only apply to entities with contracts that reference nature dependent electricity. These are contracts that expose an entity to variability in an underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions, typically associated with renewable electricity sources such as sun and wind.</p>

# New Standards: overview and impact on entities

New standard	Overview	Impacts
IFRS 18 – Presentation and disclosure in financial statements	In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.	The introduction of IFRS 18 is expected to significantly impact how entities present and disclose financial information. By enhancing the clarity, comparability, and transparency of financial statements, IFRS 18 aims to provide stakeholders with more relevant information for decision-making. However, entities will need to adapt their reporting practices and may face implementation costs as they comply with the new standard.
IFRS 19 - Subsidiaries without public accountability: disclosures	In May 2024, the Board issued IFRS 19 – Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.	<p>IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance.</p> <p>Eligible entities:</p> <ul style="list-style-type: none"> <li>▪ An entity may elect to apply IFRS 19 if at the end of the reporting period: <ul style="list-style-type: none"> <li>▪ It is a subsidiary as defined in IFRS 10</li> <li>▪ It does not have public accountability</li> <li>▪ It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards</li> </ul> </li> </ul>

# Question on IFRS updates

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Which two new IFRS standards will be effective 1 January 2027?

- A IFRS 16 and IFRS 18
- B IFRS 17 and IFRS 19
- C IFRS 16 and IFRS 17
- D IFRS 18 and IFRS 19

# 03

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## Comparison between IFRS and US GAAP updates

# Comparison of IFRS updates to US GAAP standards

The below table demonstrates how updates to and the creation of IFRS Standards enhance comparability across financial statements prepared under IFRS and US GAAP.

IFRS Amendment/New Standard	Comparison to US GAAP
IFRS 16 Leases	IFRS 16 (Leases) and ASC 842 (Leases) both require lessees to recognize most leases on the balance sheet as assets and liabilities. This alignment improves comparability between IFRS and US GAAP. The amendments to IFRS 16 have focused on lessor accounting and the treatment of variable lease payments, which are also addressed in ASC 842, ensuring consistency in lease accounting.
IAS 21 The Effects of Changes in Foreign Exchange Rates	The amendments to IAS 21 enhance the alignment of IFRS with US GAAP by providing clearer guidance on functional currency determination, foreign currency transactions, exchange differences, and presentation requirements. These changes promote consistency and comparability in financial reporting, benefiting users of financial statements across different jurisdictions.
IFRS 9 Amendments	IFRS 9 (Financial Instruments) and ASC 825 (Financial Instruments) both emphasize the classification and measurement of financial assets and liabilities. The introduction of the expected credit loss model in IFRS 9 aligns with similar provisions in US GAAP, enhancing comparability in financial reporting. Amendments to IFRS 9 have clarified hedge accounting, which is also a focus area in US GAAP, promoting consistency in risk management practices.
Amendments to and introduction of new standards on disclosure requirements (IFRS 18, IFRS 19, IAS 1, IAS7 and IFRS 7)	Recent amendments and introduction of new standards to IFRS standards have enhanced disclosure requirements, making them more consistent with US GAAP. This includes providing more detailed information about significant accounting policies, estimates, and judgments, which aligns with the transparency goals of US GAAP.

# Question on comparison between IFRS and US GAAP updates

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The amendments to IAS 21 enhance the alignment of IFRS with US GAAP by providing clearer guidance on which of the following?

- A Exchange differences
- B Foreign currency transactions
- C Presentation requirements
- D Functional currency determination
- E All of the above

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