



Beyond the GAAP

Forvis Mazars' monthly newsletter on financial and sustainability reporting

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The drafting of the present issue was completed on 8 June 2026.

Editorial

As we approach the half-yearly closing of accounts for 2026, *Beyond the GAAP* presents our traditional overview of the standards and interpretations published by the IASB, indicating where they are in the EU endorsement process. We highlight those texts that are now mandatory and those for which early application is permitted at this closing date.

As was the case last year, the key issues at this closing date are likely to be related to the macroeconomic environment and the uncertainties that make it harder to use judgement and make reliable estimates. In addition, as issuers prepare for the transition to IFRS 18 – the new standard on the presentation of financial statements – regulators will doubtless be paying close attention to their disclosures on the anticipated effects of application.

IFRS Highlights

IASB publishes new standard on rate-regulated activities (IFRS 20)

At the end of May 2026, the International Accounting Standards Board (IASB) published IFRS 20 – *Regulatory Assets and Regulatory Liabilities*, to replace IFRS 14 – *Regulatory Deferral Accounts*, published in January 2014.

IFRS 14 was an interim short-term solution that was never endorsed in the European Union, as the European Commission halted the endorsement process.

IFRS 20 introduces a new accounting model for companies whose activities and rates are subject to regulation. It aims to reduce diversity in accounting practice and improve comparability between companies in these sectors.

It will come into effect for financial periods commencing on or after 1 January 2029; early application is permitted. EFRAG recommended delaying the effective date until 1 January 2030 (see *Beyond the GAAP* no. 208 – 2026) but the IASB decided against this.

We will look at the content of the standard in more detail in a future edition.

Targeted improvements to IAS 37

The IASB has continued its redeliberations on the exposure draft of proposed targeted amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, with new decisions on the

concept of a ‘past event’ (see *Beyond the GAAP* no. 207 – 2026).

One key change is the IASB’s tentative decision to withdraw the mechanism proposed in paragraph 14Q of the exposure draft, which related to when an entity must recognise a provision if the obligation arises from taking two or more separate actions.

Paragraph 14Q proposed that, when the obligation arises from multiple actions, the past-event condition is deemed to be met when the entity has taken one action and cannot avoid taking the remaining action(s). This approach was intended to change the timing of some provisions, which under the current rules are only recognised when the final condition giving rise to an obligation is met. Under paragraph 14Q, they would have been recognised earlier, and gradually over time. Situations in which this might have applied included taxes levied on revenue that are conditional on a future event (such as exceeding a threshold or continuing operations as of a given date), or commitments made on a given date to reduce greenhouse gas emissions by a specified amount by a later date.

The mechanism has been withdrawn as the IASB’s tentative decision introduces specific requirements on levies that will achieve the same goals.

IAS 28: amendments to the fair value option finalised

At the IASB’s May 2026 meeting, it examined the feedback received on the proposed amendments to IAS 28 on the fair value option for investments in associates and joint ventures, following the

publication of the exposure draft in February 2026 (see Beyond the GAAP no. 207 – 2026).

The IASB confirmed the main clarifications proposed in the exposure draft, explicitly aligning them with IFRS 18 – *Presentation and Disclosure in Financial Statements*:

- entities with a main business activity of investing in certain types of assets, as defined in paragraph 49(a) of IFRS 18, can apply the fair value option set out in IAS 28; and
- the amendments shall be applied at the same time as IFRS 18, with the same transition requirements as those for that standard.

The amendments are narrow-scope and do not broadly extend the fair value option for general use. They are particularly aimed at clarifying the application of the existing requirements of IAS 28 before IFRS 18 comes into effect on 1 January 2027.

However, the IASB has indicated that it may explore the possibility of an unrestricted fair value option in its future work.

Following this meeting, the IASB decided that a new exposure draft was not necessary and the amendments could be finalised.

The final version of the amendments is expected to be published in mid-2026.

IASB extends comment period on RMA project

At its May 2026 meeting, the IASB considered requests from stakeholders for a longer comment period on the *Risk Mitigation Accounting – Proposed amendments to IFRS 9 and IFRS 7* exposure draft, published by the IASB in December 2025 (see Beyond the GAAP no. 205 – 2025).

The deadline for feedback was originally set at 31 July 2026 but the IASB has decided to extend it to 30 November 2026.

Statement of Cash Flows project

At its May 2026 meeting, the IASB continued its discussions on this project (see Beyond the GAAP no. 209 – 2026) and tentatively decided to improve:

- the requirements for aggregating and disaggregating information on cash flows, by adding application guidance to IAS 7 – *Statement of Cash Flows* with a view to strengthening links

with information presented in the other primary financial statements; and

- information relating to changes in liabilities arising from financial activities, notably by clarifying that the aim is to enable users of financial statements to make links between these changes in the statement of financial position, and the statement of cash flows.

Readers may find it useful to have a look at the presentation prepared by the IASB for its joint meeting with the FASB in June 2026 (available [here](#)) for an overview of progress on this project.

Fourteenth compilation of IFRS IC agenda decisions published

The [14th compilation of agenda decisions taken by the IFRS IC](#) between November 2025 and April 2026 has been published.

This compilation includes both recent agenda decisions taken by the committee, and updates to older decisions to replace references to IAS 1 – *Presentation of Financial Statements* in light of the forthcoming entry into effect of IFRS 18.

Call for new members of IFRS Advisory Council

The Trustees of the IFRS Foundation have published a call for nominations to the IFRS Advisory Council, which provides strategic support and advice to the Trustees and members of the IASB and ISSB.

The appointments will begin on 1 January 2027 for a three-year term, renewable once.

Details of the call for nominations are available on the IASB's website [here](#).

ISSB has further discussions about nature-related disclosures

Following the April 2026 announcement that the International Sustainability Standards Board (ISSB) plans to address nature-related disclosures through a Practice Statement (see Beyond the GAAP no. 209 – 2026), the ISSB met on 13 May 2026 to discuss information about the use of scenario analysis and the identification of nature-related risks and opportunities.

Regarding scenario analysis, the ISSB tentatively decided not to introduce additional requirements or

guidance to those of IFRS S1 – *General Requirements for Disclosure of Sustainability-related Financial Information* when disclosing information about the undertaking's use of scenario analysis for identifying nature-related risks. However, it tentatively agreed to require disclosures on whether and how scenario analysis is used to identify nature-related opportunities. It also decided to introduce additional disclosure requirements on how scenario analysis is used to assess the nature, likelihood, and magnitude of the effects of nature-related risks, including inputs used, key assumptions, and scope of application.

The ISSB also tentatively put forward the requirement for an entity to provide information on their resilience to nature-related risks by using scenario analysis. The relevant requirements will be developed by the ISSB in a manner consistent with IFRS S2 – *Climate-related Disclosures*, including its proportionality mechanisms, while recognising that such assessments would be more location- and asset-specific.

Finally, the ISSB discussed the identification of nature-related risks and opportunities, noting that the Taskforce on Nature-related Financial Disclosures (TNFD) LEAP approach¹ could be relevant in providing nature-related disclosures in accordance with the objective of IFRS S1 and therefore form a helpful tool to support application of the Practice Statement. Its use would however remain optional and not mandatory for compliance with either the Practice Statement or the IFRS Sustainability Disclosure Standards.

European Highlights

Publication in the OJEU of FAQs on the implementation of the new Taxonomy Delegated Regulation

30 April 2026 saw the publication in the Official Journal of the European Union (OJEU) of a set of FAQs from the European Commission (available [here](#)) on the interpretation and implementation of the amendments made to Article 8 Delegated Regulation Article 8 by the new 'Omnibus' Delegated Regulation of 4 July 2025, with no significant changes from the

draft FAQs that had already been published on 17 December 2025 (see Beyond the GAAP no. 205 – 2025).

ESMA publishes report on supervision of corporate reporting in 2025

On 7 May 2026, ESMA published [a report on supervision of corporate reporting in 2025](#) carried out by national enforcers and by ESMA itself.

The report is made up of three sections: financial reporting, sustainability reporting and ESEF reporting.

Regarding financial reporting, enforcement activities primarily related to the presentation of financial statements, financial instruments, impairment testing and segment reporting. ESMA also comments on Alternative Performance Measures (APMs), noting that its Guidelines continue to apply following the implementation of IFRS 18.

As regards sustainability reporting, 2025 saw an increase in enforcement activity relating to sustainability statements prepared in accordance with ESRS (European Sustainability Reporting Standards) under the CSRD (Corporate Sustainability Reporting Directive). Particular attention was paid to materiality considerations, the scope and structure of sustainability statements, and Taxonomy disclosures under Article 8 Delegated Regulation.

Regarding ESEF reporting, ESMA describes issuers' level of compliance with regulations based on its examinations, and makes recommendations on the most common errors and omissions identified.

¹ See TNFD *Guidance on identification and assessment of nature-related issues: The LEAP approach* (last updated: April 2026) available [here](#).

Standards and interpretations applicable as of 30 June 2026

Now that interim financial reports are being finalised for 30 June 2026, Beyond the GAAP presents an overview of the IASB's most recent publications.

For each text, we clarify whether it is mandatory for this closing of accounts, or whether early application is permitted, based on the EU endorsement status report (position as at 28 May 2026, available [here](#)).

As a reminder, the following principles govern the first application of the IASB's standards and interpretations:

1. The IASB's draft standards cannot be applied as they do not form part of the published standards;
2. The IFRS IC's draft interpretations may be applied if the two following conditions are met:
 - a. the draft does not conflict with currently applicable IFRSs; and
 - b. the draft does not modify an existing interpretation which is currently mandatory.
3. Standards published by the IASB but not yet endorsed by the European Union as of 30 June may be applied if the European endorsement process is completed before the date when the interim financial statements are authorised for issue by the relevant authority (i.e. usually the board of directors);
4. IFRS IC's Interpretations published by the IASB but not yet endorsed by the European Union at the date when the interim financial statements are authorised for issue may be applied unless they are in conflict with standards or interpretations currently applicable in Europe.

Remember that in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* the notes of an entity applying IFRSs must include the list of standards and interpretations published by the IASB but not yet effective that have not been early applied by the entity. In addition to this list, the entity must provide an estimate of the impact of the application of those standards and interpretations.

Regarding minor amendments and interpretations, it seems relevant to limit such list to only those

amendments and/or interpretations which are likely to apply to the entity's activities.

It should also be noted that under IAS 34 – *Interim Financial Reporting*, the changes in accounting policies required by new standards must also be disclosed in the interim financial reporting published in the course of the year.

Standard	Subject	Effective date according to the IASB	Date of publication in the OJUE	Application status at 30 June 2026
IFRS 14	Regulatory Deferral Accounts (issued on 30 January 2014)	1 January 2016 Early application permitted	No endorsement (The EC has decided not to launch the endorsement process of this interim standard)	Not permitted
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014) and effective date (issued on 17 December 2015)	Postponed Early application permitted	Deferred	Permitted ²
Amendments to IFRS 9 and IFRS 7	Classification and Measurement requirements for financial Instruments (issued on 30 May 2024)	1 January 2026 Early application permitted (apply all the amendments or only the amendments to classification)	28 May 2025	Mandatory
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024)	1 January 2026 Early application permitted	1 July 2025	Mandatory
Annual Improvements Volume 11	Amendment to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (issued on 18 July 2024)	1 January 2026 Early application permitted	10 July 2025	Mandatory

² If the entity had not developed an accounting policy.

Standard	Subject	Effective date according to the IASB	Date of publication in the OJUE	Application status at 30 June 2026
IFRS 18	Presentation and Disclosure in Financial Statements (issued on 9 April 2024)	1 January 2027 Early application permitted	16 February 2026	Permitted
IFRS 19	Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)	1 January 2027 Early application permitted subject to adoption in local jurisdiction	Awaiting endorsement by the EU (date not yet announced)	Not permitted
Amendments to IFRS 19	Subsidiaries without Public Accountability: Disclosures (published 21 August 2025)	1 January 2027 Early application permitted subject to adoption in local jurisdiction	Awaiting endorsement by the EU (date not yet announced)	Not permitted
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (issued on 13 November 2025)	1 January 2027 Early application permitted	Awaiting endorsement by the EU (date not yet announced)	Not permitted
IFRS 20	Regulatory Assets and Regulatory Liabilities (issued on 27 May 2026)	1 January 2029 Early application permitted	Awaiting endorsement by the EU (date not yet announced)	Not permitted

Publications

Forvis Mazars publishes a guide on IFRS 19 – *Subsidiaries without Public Accountability: Disclosures*

IFRS 19 introduces a new reduced disclosure framework for eligible subsidiaries—offering meaningful relief without compromising compliance with IFRS Accounting Standards.

This practical Questions & Answers article unpacks the key requirements of IFRS 19, including eligibility, scope, effective date, interaction with IFRS 18, and the areas where disclosure relief is most significant.

Designed for preparers, group finance teams and advisers, the article highlights where cost and complexity can be reduced while still meeting the information needs of users of financial statements.

This guide is available [here](#).

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