IFRS

STAFF PAPER

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Accounting Standards Advisory Forum

Project	**Updating a reference to the *Conceptual Framework* (Amendments to IFRS 3)**		
Paper topic	Possible problems and ways of addressing them		
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Introduction

1. Paragraph 11 of IFRS 3 *Business Combinations* refers to the *Framework for the Preparation and Presentation of Financial Statements* issued by the International Accounting Standards Committee (IASC) in 1989 (1989 *Framework*) and adopted by the International Accounting Standards Board (Board) in 2001.

2. The Board is investigating problems that could arise if the reference to the 1989 *Framework* were replaced with a reference to the revised *Conceptual Framework for Financial Reporting* (2018 *Conceptual Framework*). The Board is seeking to identify all possible problems and ways in which it could address these problems before considering whether and how to update the reference.

3. In June, we contacted large accounting firms and members of the Accounting Standards Advisory Forum (ASAF) asking for assistance in identifying possible problems. In this paper, we analyse the feedback received and suggest several ways in which the Board could address the problems we think could arise. The purpose of this meeting is to obtain your views on our analysis and suggestions, to help us develop them further for future consideration by the Board. The questions to you are set out on page 14.

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Background

4. In March 2018, the Board issued the 2018 *Conceptual Framework* to replace its previous *Conceptual Framework for Financial Reporting* published in 2010 (the 2010 *Conceptual Framework*). The 2010 *Conceptual Framework* had itself replaced the 1989 *Framework*.

5. In March 2018, the Board also issued *Amendments to References to the Conceptual Framework in IFRS Standards* to update references in most of the Standards referring to the 2010 *Conceptual Framework* or 1989 *Framework*. However, it did not update a reference to the 1989 *Framework* in paragraph 11 of IFRS 3 because updating that reference could have created problems for entities applying IFRS 3.

6. Paragraph 10 of IFRS 3 requires the acquirer of a business to recognise separately from goodwill, the identifiable assets acquired and liabilities assumed. Paragraph 11 of IFRS 3 refers to the definitions of an asset and a liability in the 1989 *Framework*. A footnote was added in March 2018, so that paragraph 11 now states that:

> 11 To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements*[1] at the acquisition date.
>
> [1] For this Standard, acquirers are required to apply the definitions of an asset and a liability and supporting guidance in the IASC's *Framework for the Preparation and Presentation of Financial Statements* adopted by the IASB in 2001 rather than the *Conceptual Framework for Financial Reporting* issued in 2018.

7. The definitions of an asset and a liability in the 2018 *Conceptual Framework* are different from those in the 1989 *Framework* and applied in some Standards. Furthermore, some of the concepts supporting the definitions in the 2018 *Conceptual Framework* could change the way in which the definitions are interpreted. Consequently, in some cases, applying the definitions and supporting concepts in the 2018 *Conceptual Framework* could change which assets and liabilities qualify for recognition in a business combination. In such cases, the post-acquisition accounting required by other IFRS Standards (which were developed applying the

1989 *Framework* or the 2010 *Conceptual Framework*) could then lead to immediate derecognition of assets or liabilities recognised in a business combination, resulting in so-called 'day 2' gains or losses that do not depict an economic gain or loss.

8. Although the Board intends to replace all remaining references to the 1989 *Framework* with references to the 2018 *Conceptual Framework*, it does not intend to make significant changes to the requirements of IFRS Standards containing those references. Consequently, the Board decided to retain the reference in paragraph 11 of IFRS 3 until it has identified any possible unintended consequences of simply replacing the reference and, if necessary, identified ways of avoiding those consequences.

Changes introduced by the 2018 *Conceptual Framework*

Changes to the definitions

9. The definitions of an asset and a liability have both changed:

	1989 *Framework*	2018 *Conceptual Framework*	
	Definition	**Definition**	**Supporting concept**
Asset (of an entity)	A resource controlled by the entity as a result of past events and from which future economic benefits are **expected** to flow to the entity.	A present economic resource controlled by the entity as a result of past events.	
Economic resource	[None]	A right that has the **potential to produce** economic benefits.	
Liability (of an entity)	A present obligation of the entity arising from past events, the settlement of which is **expected** to result in an outflow from the entity of resources embodying economic benefits.	A present obligation of the entity to transfer an economic resource as a result of past events.	The obligation must have the **potential to require** the entity to transfer an economic resource to another party (or parties).[1]

[1] Paragraph 4.37.

10. The main difference is the removal of the requirement for ‘expected’ inflows or outflows of economic benefits. The definitions in the 2018 *Conceptual Framework* instead require that a right has the ‘potential’ to produce economic benefits or that an obligation has the ‘potential’ to require the entity to transfer an economic resource.

11. The difference could affect the analysis of rights or obligations with a low probability of future inflows or outflows. The term ‘expected’ in the 1989 *Framework* definitions has been subject to diverse interpretation. Some stakeholders may have viewed the term as a probability threshold and concluded that some rights or obligations with a low probability of future inflows or outflows do not meet the definitions of assets or liabilities. Such rights and obligations will be regarded as assets or liabilities applying the 2018 *Conceptual Framework* definitions.

New concepts to support the definition of a liability

12. Another significant change is the addition of new concepts to support the definition of a liability. These concepts clarify that, for an entity to have a liability, it is necessary that:
    (a) the entity has already obtained economic benefits or taken an action;
    (b) as a consequence, it will or may have to transfer an economic resource that it would not otherwise have had to transfer; and
    (c) it has no practical ability to avoid that transfer.[2]

13. These new concepts clarify that an entity could have a liability even if its obligation to transfer an economic resource is conditional on its future actions. If the entity has already obtained economic benefits or taken an action and as a consequence may have to transfer an economic resource that it would not otherwise have had to transfer, it has a liability if it has no practical ability to avoid the future actions that would trigger the transfer.

[2] Paragraphs 4.29 and 4.43.

Possible problem already identified by the Board

14. In developing the 2018 *Conceptual Framework* and *Amendments to References to the Conceptual Framework in IFRS Standards*, the Board tested the proposed revised definitions of an asset and a liability to assess their possible implications.

15. The analysis identified an inconsistency between the 2018 *Conceptual Framework* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as interpreted by IFRIC 21 *Levies*. Applying IFRIC 21, the event that gives rise to a liability for a levy is the activity that triggers payment of the levy. In contrast, applying the liability definition and supporting concepts in the 2018 *Conceptual Framework* the event that gives rise to a liability for a levy could be an earlier activity if:

    (a) that earlier activity means the entity may have to pay a levy that it would not otherwise have had to pay; and

    (b) the entity has no practical ability to avoid the later event that triggers payment of the levy.

16. If an entity were to apply IFRS 3 using the definitions in the 2018 *Conceptual Framework*, it might recognise on acquisition a liability for a levy whose payment will be triggered by a later event that the entity has no practical ability to avoid. However, applying IFRIC 21 thereafter, it would not recognise a liability until that later event had occurred. Before then, any liability recognised on acquisition would be derecognised and a 'day 2' gain would be recognised. Appendix A provides an example that illustrates this problem.

Assistance requested from ASAF members and accounting firms

17. We asked ASAF members and large accounting firms if they were aware of:

(a) any other inconsistencies between the 2018 *Conceptual Framework* and IFRS Standards that could create problems in applying IFRS 3 if the Board simply replaced the reference to the 1989 *Framework* with a reference to the 2018 *Conceptual Framework;* or

(b) other unintended consequences of updating the reference in IFRS 3.

Feedback received and staff analysis

General

18. Two accounting firms and five ASAF members responded.

19. Some of those respondents expressed explicit support for updating the reference. One suggested that a reference to a superseded 1989 *Framework* is not a satisfactory long-term solution. One noted that the co-existence of different definitions of an asset and a liability across IFRSs and the 2018 *Conceptual Framework* makes IFRS requirements less understandable and subject to cross-cutting issues. One thought it is desirable to update all references for consistency, suggesting that any resulting changes to accounting application should be assessed and addressed on a case by case basis.

20. Some respondents explicitly agreed that updating the reference to the 2018 *Conceptual Framework* could create problems because of inconsistencies between the 2018 *Conceptual Framework* concepts on liabilities and the requirements of IFRIC 21. However, one respondent suggested that this inconsistency already exists —that respondent noted that the 1989 *Framework* definition of a liability is open to multiple interpretations and IFRIC 21 is inconsistent with some of those interpretations. Another respondent suggested that the Board should consider more broadly the possible conflicts between the 2018 *Conceptual Framework* and IAS 37 requirements for identifying liabilities.

21. Respondents identified few specific possible conflicts other than the conflict with IFRIC 21. Matters they raised included:

    (a) a possible conflict with requirements for contingent assets within the scope of IAS 37 (discussed in paragraphs 22-29);

    (b) a possible conflict with IFRS Standards that prohibit recognition of assets or liabilities with a low probability of future inflows or outflows (discussed in paragraphs 30-37); and

    (c) other matters that we think do not require discussion at the ASAF meeting (listed in Appendix B to this paper).

Contingent assets within the scope of IAS 37

Respondents' suggestions

22. Some respondents suggested that the Board consider whether updating the reference to the 2018 *Conceptual Framework* would create an inconsistency between IFRS 3 and IAS 37 requirements for contingent assets. They noted that:

    (a) IFRS 3 has specific requirements for initial and subsequent recognition of contingent liabilities, but no such requirements for contingent assets.

    (b) it could be argued that, applying the general requirements of IFRS 3, contingent assets that were not 'virtually certain' to result in an inflow of economic benefits would be recognised on acquisition, because the definition of an asset no longer refers to the probability of cash inflows. These contingent assets would be derecognised on 'day 2' applying IAS 37.

    (c) paragraph BC276 of the Basis for Conclusions on IFRS 3 explains why IFRS 3 does not at present require contingent assets to be recognised on acquisition. The explanation refers to assets being 'unconditional rights'. However, the 2018 *Conceptual Framework* definition of an asset does not require a right to be unconditional—it need only have the potential to produce economic benefits.

23. One respondent suggested that, if the Board updates the IFRS 3 reference to the 2018 *Conceptual Framework*, it should at the same time clarify the implications for contingent assets.

Staff analysis

24. IAS 37 defines ‘contingent assets’ as possible assets whose existence will be confirmed only by one or more uncertain future events not wholly within the control of the entity. A typical example of a contingent asset is a claim that an entity is pursuing through the courts—whether the entity has a claim (an asset) is uncertain and the uncertainty will be resolved only by a court ruling.

25. IAS 37 specifies that contingent assets should not be recognised unless an inflow of economic benefits is ‘virtually certain’. It explains that if the inflow is virtually certain, the entity has an asset not a contingent asset.

26. IFRS 3 requires recognition of assets and liabilities. It does not permit or require recognition of possible assets and liabilities, ie assets and liabilities whose existence is uncertain. This is explicit for possible liabilities because IFRS 3 has specific requirements for contingent liabilities.[3] It is not explicit in IFRS 3 for contingent assets, but clear from the Basis for Conclusions accompanying IFRS 3:

> BC276 … the IASB observed that the definition of a contingent asset in IAS 37 includes only ‘possible assets’. A contingent asset arises when it is uncertain whether an entity has an asset at the end of the reporting period, but it is expected that some future event will confirm whether the entity has an asset. Accordingly, the IASB concluded that contingent assets should not be recognised, even if it is virtually certain that they will become unconditional or non-contingent. If an entity determines that an asset exists at the acquisition date (ie that it has an unconditional right at the acquisition date), that asset is not a contingent asset and should be accounted for in accordance with the appropriate IFRS.

[3] Paragraphs 22-23 of IFRS 3.

27. The 2018 *Conceptual Framework* is clear that *if* an entity has a right, that right can meet the definition of an asset even if there is only a low probability that it will produce economic benefits. But the 2018 *Conceptual Framework* is also clear that if there is uncertainty about *whether* an entity has a right, it is uncertain whether an asset exists. Paragraph 4.13 of the 2018 *Conceptual Framework* states that:

> In some cases, it is uncertain whether a right exists. For example, an entity and another party might dispute whether the entity has a right to receive an economic resource from that other party. Until that existence uncertainty is resolved—for example, by a court ruling—it is uncertain whether the entity has a right and, consequently, whether an asset exists.

28. The 2018 *Conceptual Framework* also envisages that where there is uncertainty about the existence of an asset, an entity might not recognise the possible asset in its financial statements. Paragraph 5.14 states that:

> Paragraphs 4.13 and 4.35 discuss cases in which it is uncertain whether an asset or liability exists. In some cases, that uncertainty, possibly combined with a low probability of inflows or outflows of economic benefits and an exceptionally wide range of possible outcomes, may mean that the recognition of an asset or a liability, necessarily measured at a single amount, would not provide relevant information. Whether or not the asset or liability is recognised, explanatory information about the uncertainties associated with it may need to be provided in the financial statements.

29. Thus, an item meeting the definition of a contingent (possible) asset applying IAS 37 would also be regarded as a possible asset, and not necessarily recognised, applying the 2018 *Conceptual Framework*. The staff think this means that updating the IFRS 3 reference to the 2018 *Conceptual Framework* would not change the IFRS 3 requirements for contingent assets—they would still not be recognised on the acquisition of a business.

Assets and liabilities with a low probability of future inflows or outflows

Respondents' suggestions

30. Some respondents suggested that the Board should consider whether updating the reference to the 2018 *Conceptual Framework* could change the IFRS 3 requirements for rights and obligations that have a low probability of producing or requiring inflows or outflows of economic benefits.

31. Those respondents noted that, because the term 'expected' in the 1989 *Framework* definitions has been interpreted by some as a probability threshold, removing that term could result in more rights or obligations being considered to meet the definition of an asset or a liability and hence recognised on acquisition. These might include items that would be derecognised on 'day 2' applying the recognition criteria in other Standards, such as IAS 37 or IAS 38 *Intangible Assets*.

32. One respondent specifically referred to IAS 16 *Property, Plant and Equipment*, which requires the cost of an item of property, plant and equipment to be recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the entity. The respondent noted that this recognition criterion could lead to a 'day 2' loss for property, plant or equipment recognised on acquisition, but acknowledged that this problem might arise infrequently in practice—it would normally be expected that any property, plant or equipment assigned a significant fair value on acquisition would produce future economic benefits in one way or another.

Staff analysis

33. IFRS 3 does not contain a probability recognition criterion. The Basis for Conclusions clarifies that 'thus it requires the acquirer to recognise identifiable assets acquired and liabilities assumed regardless of the degree of probability of an inflow or outflow of economic benefits'.[4]

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[4] Paragraph BC126 of IFRS 3.

34. Some IFRS Standards—such as IAS 12 *Income Taxes*, IAS 37, IAS 38 and IAS 16—do have a probability recognition criterion. They require recognition of an asset or a liability only if it is probable that the asset or liability will result in inflows or outflows of economic benefits.

35. Conflicts between those Standards and IFRS 3 are avoided in different ways, depending on the type of asset or liability:

    (a) IFRS 3 contains an exception to its recognition and measurement principles for income tax assets and liabilities. It requires those assets and liabilities to be recognised and measured on acquisition applying the requirements of IAS 12, including the recognition criteria in that Standard.

    (b) IFRS 3 has initial recognition requirements for contingent liabilities that are different from those in IAS 37, but it also contains specific requirements for the subsequent recognition and measurement of those contingent liabilities. These requirements override the requirements of IAS 37 and serve to prevent 'day 2' gains or losses.

    (c) IAS 38 contains specific requirements for intangible assets acquired as part of the acquisition of a business. IAS 38 applies a probability recognition criterion, but states that for intangible assets acquired as part of a business combination, the criterion is always considered to be satisfied.

36. Thus, for the types of assets and liabilities that typically could have a low probability of producing or requiring inflows or outflows of economic benefits, there are requirements in either IFRS 3 or the applicable Standard to prevent conflicts between them. These requirements would continue to apply if IFRS 3 were updated to refer to the new definitions. So the staff think that updating IFRS 3 to refer to the new definitions would not cause problems for those assets or liabilities.

37. IFRS 3 has no specific exceptions to avoid conflicts between its general requirements and IAS 16, which also has a probability recognition criterion. However, as a respondent acknowledged, it would normally be expected that any property, plant or equipment assigned a material fair value on acquisition would produce future

economic benefits in one way or another—if not needed in the business, it could be sold. So the staff think that it is unlikely that applying the 2018 *Conceptual Framework* to identify property, plant and equipment assets will cause problems in practice.

Staff conclusions and possible solutions

38. For the reasons explained above, the staff conclude that updating the IFRS 3 reference to the 2018 *Conceptual Framework* would not create significant new conflicts between IFRS 3 and:

    (a) requirements in IAS 37 for contingent assets (possible assets whose existence is uncertain); or

    (b) requirements in IFRS Standards addressing rights or obligations that exist but have a low probability of producing or requiring inflows or outflows of economic benefits.

39. If this analysis is correct, the only significant conflicts might be those the Board has already identified for levies within the scope of IFRIC 21 and other similar liabilities within the scope of IAS 37.

40. The Board has a project on IAS 37 in its research pipeline. The purpose of that project will be to gather evidence to enable the Board to decide whether to undertake a project to develop proposals to amend aspects of IAS 37. If the Board undertakes such a project, one topic it could consider is whether to develop a proposal to align the IAS 37 definition of a liability and IAS 37 requirements for identifying liabilities (including the requirements of IFRIC 21) with the liability definition and supporting concepts in the 2018 *Conceptual Framework*. If the Board were to align these aspects of IAS 37 with the 2018 *Conceptual Framework*, it could update the IFRS 3 reference to the 2018 *Conceptual Framework* at the same time without creating any conflicts.

41. The Board has not yet decided whether to amend this aspect of IAS 37 and, even if it decides to do so, it will not finalise the amendments for some time. So a question might arise as to whether the Board should consider other ways of removing the reference to the 1989 *Framework* in the meantime. It could for example update the reference and at the same time do one or other of the following:
    (a) add another exception to IFRS 3 for liabilities within the scope of IAS 37—so that liabilities recognised on acquisition would be the same as those recognised applying IAS 37 or IFRIC 21, not those identified applying the 2018 *Conceptual Framework.* Such an exception could be similar to the exception already in IFRS 3 for income taxes.
    (b) add requirements to IFRS 3 for subsequent recognition and measurement of liabilities within the scope of IAS 37 or IFRIC 21—so that the liabilities recognised on acquisition applying the 2018 *Conceptual Framework* would not be derecognised on day 2. Such requirements could be similar to those already in IFRS 3 for contingent liabilities within the scope of IAS 37.

42. If there is a risk of other, possibly still unidentified, conflicts between IFRS 3 and other IFRS Standards, the Board could consider broader changes to IFRS 3. For example, instead of requiring the identifiable assets acquired and liabilities assumed to meet the definitions of assets and liabilities in the 2018 *Conceptual Framework,* IFRS 3 could require them to meet the definitions in a Standard that specifically addresses those assets or liabilities or, in the absence of any such Standard, the definitions in the 2018 *Conceptual Framework*.

Questions for ASAF members

Question 1
Do you agree with the staff conclusion in paragraph 38 that updating the IFRS 3 reference to the 2018 *Conceptual Framework* would not create significant new conflicts between IFRS 3 and: (a) requirements in IAS 37 for contingent assets (possible assets whose existence is uncertain); or (b) requirements in IFRS Standards addressing rights or obligations that exist but have a low probability of producing or requiring inflows or outflows of economic benefits?

Question 2
What are your views on whether, when and how the Board should update the IFRS 3 reference to the *Conceptual Framework*? Do you have any suggestions for solutions other than those discussed in paragraphs 40-42?

Appendix A
Example illustrating a possible unintended consequence of updating the IFRS 3 *Business Combinations* reference to the Conceptual Framework

Example —Levy triggered when entity generates revenue in two years

A government charges a levy on entities as soon as they generate revenue in 20X1. The amount each entity pays is calculated by reference to the revenue the entity generated in 20X0. The levy is within the scope of IFRIC 21 *Levies*.

An entity's reporting period ends on 31 December 20X0. The entity generated revenue in 20X0, and in 20X1 it starts to generate revenue on 3 January 20X1.

The entity is acquired by another entity (the acquirer) on 30 June 20X0.

Applying the 2018 *Conceptual Framework*

Applying the concepts in the 2018 *Conceptual Framework*, the liability to pay the levy would be viewed as arising when the entity:

(a) has obtained economic benefits or taken an action;

(b) as a consequence, will or may have to pay a levy that it would not otherwise have had to pay; and

(c) has no practical ability to avoid the activity that triggers the levy.[5]

Conditions (a) and (b) are satisfied progressively through 20X0 as the entity generates revenue in 20X0. If during that time the entity has no practical ability to avoid generating revenue in 20X1, condition (c) is also satisfied. The liability would be viewed as accumulating as the entity generates revenue in 20X0.

IFRIC 21

IFRIC 21 states that the event that gives rise to a liability to pay the levy is the event that triggers the payment of the levy, which in this example is the generation of revenue in 20X1. The generation of

[5] 2018 *Conceptual Framework*, paragraphs 4.29 and 4.43.

revenue in 20X0 is a necessary condition for the existence of a liability. But it is not a sufficient condition, even if the entity has no practical ability to avoid generating revenue in 20X1. Applying IFRIC 21, the entity would not recognise a liability in the reporting period ending on 31 December 20X0. It would first recognise a liability on 3 January 20X1.[6]

Acquisition and subsequent accounting

The entity is acquired on 30 June 20X0. If the acquirer were to apply IFRS 3 using the definitions in the 2018 *Conceptual Framework*, it might recognise on acquisition a liability for the amount of levy attributable to revenue earned up to 30 June 20X0. However, at 31 December 20X0, it would apply IFRIC 21 and recognise no liability. Derecognition of the liability recognised on acquisition would result in recognition of a ‘day 2’ gain.

[6] IFRIC 21, consensus paragraphs 8-9 and Illustrative Example 2.

Appendix B
Other comments

	Comment	IASB Staff analysis
1	A respondent noted an existing tension between the measurement requirements of IFRS 3 *Business Combinations* (fair value) and the measurement requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (best estimate).	We acknowledge this tension but do not think that updating the reference to the C*onceptual Framework* would worsen the existing tension or cause any new tensions in this area.
2	A respondent questioned the impact that updating the reference could have on accounting for goodwill. The respondent is concerned that it is unclear whether goodwill meets the definition of an asset.	We do not think that updating the reference to the *Conceptual Framework* in IFRS 3 will have any practical implications for accounting for goodwill. IFRS 3 has specific requirements for identifying and recognising goodwill on acquisition.
3	A respondent suggested that there may be tension between the 2018 *Conceptual Framework* and IAS 38 *Intangible Assets* because, unlike IAS 38, the 2018 *Conceptual Framework*'s asset definition does not require the asset to be 'identifiable' or 'separable'. The respondent thought that it is unclear whether non-identifiable intangible assets could be recognised in a business combination, only to be derecognised on 'day 2' given the more stringent IAS 38 criteria.	Paragraph 10 of IFRS 3 requires entities to recognise separately from goodwill only the 'identifiable' assets acquired. The reference to the 2018 *Conceptual Framework* does not override that requirement.

<table>
<tr><th></th><th>Comment</th><th>IASB Staff analysis</th></tr>
<tr><td>4</td><td> A respondent suggested a need to clarify IFRS 3 requirements for remote contingent liabilities. The respondent referred to the Basis for Conclusions on IFRS Practice Statement 2 Making Materiality Judgements, which states that information about a covenant is not material if the likelihood of a breach occurring is considered to be remote. In providing this clarification, the Board applied the disclosure threshold in IAS 37 for the disclosure of contingent liabilities. The respondent noted that IFRS 3 requires an acquirer to recognise a contingent liability assumed in a business combination at the acquisition date even if an outflow of resources is not probable, but does not specifically address situations in which an outflow is remote. The respondent suggested that the need for clarification of the IFRS 3 requirements would be greater if the reference to the Conceptual Framework were updated.
The IASB would need to explain whether the IFRS 3 recognition requirements are an exception to the recognition concepts in the 2018 Conceptual Framework if viewed in combination with the guidance in IFRS Practice Statement 2. </td><td> The reference to the Conceptual Framework in IFRS 3 is solely to the definitions of assets and liabilities – not to other concepts, such as the concepts for recognition. So, the staff think that updating the reference should have no impact on recognition decisions, beyond decisions on whether an item meets the definition of an asset or a liability. The staff further note that: Paragraph 89 of IFRS Practice Statement 2 clarifies that it does not change any requirements in IFRS Standards or introduce any new requirements.
The clarification in the Basis for Conclusions on IFRS Practice Statement 2 refers only to information about covenants, not to accounting requirements for contingent liabilities more generally.</td></tr>
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