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TECHNICAL UPDATE

A SUMMARY OF CHANGES TO FINANCIAL REPORTING REQUIREMENTS APPLICABLE FOR YEARS ENDING 31 DECEMBER 2025

OCTOBER 2025

This Technical Update provides you with an overview of IFRS Accounting Standards, IFRIC Interpretations and IFRIC Agenda decisions issued up to 31 October 2025. It outlines:

- New IFRS Accounting Standards, amendments and IFRIC interpretations mandatorily applicable for the first time for years ended 31 December 2025 required to be applied in order to claim compliance with IFRS Accounting Standards;
- IFRS Accounting Standards, amendments and IFRIC interpretations for early adoption for years ended 31 December 2025; and
- IFRIC Agenda decisions made since November 2024

In addition to ensuring that your organisation has appropriately applied all the new relevant standards in their financial report, this publication can help you to meet your disclosure obligations under IAS 8 Accounting Policies, Change in Accounting Estimates and Errors. Organisations are required to disclose the:

- impact of the initial application of new accounting standards
- potential impact of standards issued but not yet effective

This Technical Update does not include the IFRS Sustainability Standards issued by the International Sustainability Standards Board (ISSB). Compliance with the IFRS Sustainability Standards is not required in order to claim that the Financial Statements are in compliance with IFRS Accounting Standards.

Those new standards and amendments that are shaded, represent those new standards and amendments that have been issued since 1 November 2024.

STANDARDS APPLICABLE FOR THE FIRST TIME FOR 31 DECEMBER 2025 YEAR ENDS

The following IFRSs and amendments are mandatorily applicable for the first time for 31 December 2025 year-ends:

REFERENCE	TITLE	APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER
Amendments to IAS 21	**Lack of Exchangeability** This amendment updates IAS 21 to require entities to apply a consistent approach in assessing whether a currency is exchangeable and how to estimate the exchange rate if it is not. Additional disclosures are also required around how you estimate the exchange rate. There are also consequential amendments to IFRS 1. The comparative period is not restated for this amendment.	**1 January 2025**

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STANDARDS ISSUED BUT NOT YET EFFECTIVE:

The following standards or amendments have been issued by the IASB but are not yet mandatory. They are available for early adoption.

REFERENCE	TITLE	APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER
Amendments to IFRS 9 and IFRS 7	**Contracts Referencing Nature-dependent Electricity** These amendments update IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* to assist entities in better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). The amendments: • clarify the application of the 'own use exemption' • permit hedge accounting if these contracts are used for hedging purposes • require additional disclosure requirements as to the financial effects and risks these contracts have on the entity The amendments are applied retrospectively, but prior periods are not required to be restated for the impacts of this standard, with an adjustment to opening retained earnings. The hedging requirements may only be applied prospectively to hedges designated after the amendments are adopted.	**1 January 2026**
Amendments to IFRS 9 and IFRS 7	**Amendments to the Classification and Measurement of Financial Instruments** These amendments updates IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* as a result of	**1 January 2026**

REFERENCE	TITLE	APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER
	the post implementation review of IFRS 9. It updates the requirements relating to: • timing of derecognition of liabilities when they are settled using an electronic payments system • how to assess contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features It also amends the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and cost. Whilst the amendment is applied retrospectively with an adjustment to opening retained earnings, the comparative period is not restated for this amendment.	
Annual Improvements	**Annual Improvements to IFRS Accounting Standards – Volume 11** The annual improvements make the following minor amendments to the following IFRS Accounting Standards: • IFRS 1 *First-time adoption of International Financial Reporting Standards* minor amendments to the cross references for hedge accounting by first-time adopters	**1 January 2026**

REFERENCE	TITLE	APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER
	• IFRS 10 *Consolidated Financial Statements* to provide additional guidance on determining what constitutes a 'de facto agent'. • IFRS 7 *Financial Instruments: Disclosures* minor wording changes around the need to disclose gains or losses arising on derecognition where a fair value measurement involves unobservable inputs. The implementation guidance accompanying IFRS 7 is also updated with regards to disclosures of deferred differences between fair values and transaction prices and guidance on credit risk disclosures. • IFRS 9 *Financial Instruments* two minor amendments clarify how a lessee accounts for the derecognition of a lease receivable when it is extinguished, and amended wording that clarifies trade receivables are recognised at the amount determined applying the requirements of IFRS 15 Revenue from Contracts with Customers. • IAS 7 *Statement of Cash Flows* minor amendments around the term cost in relation to the measurement of investments in associates and joint ventures These amendments are applied retrospectively with the comparative period restated, except for the amendments relating to derecognition of lease liabilities in IFRS 9, which only applies to lease derecognised on or after the amendment is adopted.	
IFRS 18	***Presentation and Disclosures of Financial Statements*** This standard will replace IAS 1 Presentation of Financial Statements. Whilst many of the requirements have been bought across without amendment. IFRS 18 introduces three key changes. The statement of profit of loss will be required to be classified into three subsections, operating, investing, and financing, similar to the layout of the cash flow statement. Management performance measures that are used by an entity in other communications, must now be included in a note to the financial statements including a reconciliation to the nearest IFRS equivalent measure.	**1 January 2027**

REFERENCE	TITLE	APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER
	Additional guidance is provided on how to aggregate and disaggregate information on the face of financial statements and the notes to provide more detailed and useful information to users. Some requirements previously included in IAS 1 have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, and limited amendments have been made to IAS 7 and IAS 34 *Interim Financial Reporting*. **IFRS 18 is applied retrospectively with the comparative period restated.**	
IFRS 19	**Subsidiaries without Public Accountability: Disclosures** IFRS 19 is a voluntary standard that will not be required in order to claim compliance with IFRS Accounting Standards. Subsidiaries without Public Accountability, who meet specific criteria, may apply this standard that provides reduced disclosure requirements instead of the disclosure requirements of other IFRS Accounting Standards. Recognition and measurement criteria of other standards will still be required to be applied.	**1 January 2027**
Amendments to IFRS 19	**Catch up amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*** These amendments provide reduced disclosure requirements for any new or amended IFRS Accounting Standards that was issued between February 2021 and May 2024, including IFRS 18, supplier finance arrangements, lack of exchangeability, Pillar Two model rules, classification and measurement of financial instruments and non-current liabilities with covenants	**1 January 2027**
Amendments to IFRS 10 and IAS 28	**Sale or contribution of assets between an investor and its associates or joint venture** These amendments update IFRS 10 and IAS 28 to address an inconsistency between the requirements in IFRS 10 and those in IAS 28 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:	**Deferred until IASB finalises its research project on the equity method**

REFERENCE	TITLE	APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER
	a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	

IFRIC PROUNOUNCEMENTS

The IFRS Interpretations Committee (IFRIC) is the interpretive body of the IASB Board that assists with supporting the consistent application of the IFRS Accounting Standards. IFRIC did not release any Interpretations this year but did release a number of IFRIC Agenda Decisions.

The IASB has stated that organisations that are required to comply with the requirements of IFRS should also apply with the requirements of IFRIC Agenda Decisions. Whilst these Agenda Decisions do not change the requirements of IFRSs they are supporting explanatory material that clarify how the requirements of the IFRSs should be applied and are considered to have the same authority as the standards themselves.

IFRIC Agenda Decisions have no mandatory application date and are effective once confirmed by the IASB, however entities are allowed 'sufficient time' to consider and implement the Agenda Decisions. It is expected that this 'sufficient time' should be a matter of months and not years. If your organisation is not able to comply with the requirements of a relevant Agenda Decision issued during the year, you should discuss the implications with your Auditor.

All IFRIC Agenda Decisions should be applied retrospectively as a change in accounting policy in accordance with the requirements of IAS 8 Accounting Policies, change in estimates and Errors.

The following is a detailed summary of the IFRIC Agenda Decisions since 1 November 2024. For the full details, refer to the relevant IFRIC Update:

Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts (IAS 7 *Statement of Cash Flows*)
November 2024 IFRIC, confirmed by the IASB February 2025.IFRIC was asked about how an entity presents, in its statement of cash flows, the cash flows related to variation margin call payments made on contracts to purchase or sell commodities at a predetermined price and at a specified time in the future. IFRIC found that this issue was not widespread and concluded that no further action was required.

- **Recognition of Revenue from Tuition Fees (IFRS 15 *Revenue from Contracts with Customers*)**
  March 2025 IFRIC, confirmed by the IASB April 2025.
  IFRIC was asked over what period educational providers recognise their tuition fees, the academic year (approximately 10 months) or the full 12-month year. IFRIC found that there was no diversity in practice, and difference arose from differences in facts and circumstances rather than the application of the principles of IFRS 15. It was concluded that the issue was therefore not widespread and concluded that no further action was necessary.

- **Guarantees Issued on Obligations of Other Entities**
  March 2025 IFRIC, confirmed by the IASB April 2025.
  IFRIC was asked how an entity accounts for guarantees that it issues. The fact pattern outlined a number of different guarantees that an entity might issue in relation to the obligations of a joint venture. Rather than conclude on each individual scenario, IFRIC noted that in practice guarantees have varying terms and conditions, but indicated that the following approach should be used to determine the appropriate accounting

treatment for guarantees, as judgement will be required. Accounting should be based on the requirements including scoping requirements of the IFRS Accounting standards and should not be determined based on the nature of the entity's business activities.

Consideration should be to the following:

- Is the contract a financial guarantee contract as defined in IFRS 9 *Financial Instruments*? That is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A contract that meets the definition of a financial guarantee contract may be in the scope of IFRS 17 *Insurance Contracts* if the entity has previously explicitly stated that it regards such financial guarantee contracts as insurance contracts
- If the contract is not a financial guarantee contract, consider if the contract is an insurance contract in accordance with IFRS 17, also considering the scoping exemptions within the standard.
- If the contract is neither a financial guarantee contract or an insurance contract, consideration should be given to other requirements in IFRS Accounting standards including:
    - IFRS 9 if it is a loan commitment or derivative;
    - IFRS 15 *Revenue from Contracts with Customers* if the counterparty is a customer;
    - IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* only if it gives rise to a provision, contingent liability, or contingent asset not in scope of another standard.

The IFRIC concluded that the scoping guidance in the relevant IFRS Accounting Standards provided adequate guidance to determine how to account for a guarantee that it issues, and no standard setting work was required.

- **Recognition of Intangible Assets from Climate-related Expenditure**
  March 2025 IFRIC, confirmed by the IASB April 2025.
  IFRIC was asked whether expenditure on carbon credits and research and development activities relating to innovation programs around carbon reduction met the requirements of IAS 38 *Intangible Assets*. As the IASB has been investigating accounting for pollutant pricing mechanisms and will decide whether to proceed with a project on it at the next agenda consultation, IFRIC did not address the issue with regards to carbon credits. They also found no material diversity in practice regarding the treatment of the research and development expenditure and concluded that no further actions were necessary.

- **Assessing Indicators of Hyperinflationary Economies (IAS 29 *Financial Reporting in Hyperinflationary Economies*)**
  June 2025 IFRIC, confirmed by the IASB June 2025.
  IFRIC was IFRIC was asked about whether entities were required to meet all the requirements of economies becoming hyperinflationary as outlined in IAS 29.3 and whether that was an exhaustive list or other indicators could be considered. The committee concluded that it was well understood that the indicators in paragraph 3 might be assigned different weights and that other indicators may also be considered. They concluded that there was not a widespread impact, and no further work was required.

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