



# Key IFRS updates

**Audit & Assurance, February 2025**



# Effective and upcoming requirements



## New and effective accounting requirements

Applicable for accounting periods beginning on or after 1st January 2024

### **Classification of liabilities as current or non-current – Amendments to IAS 1 and non-current liabilities with covenants—Amendments to IAS 1**

Clarify that the classification of liabilities as current or non-current is based on rights that exist at the end of the reporting period and is unaffected by an entity's expectation.

### **Lease liability in a sale and leaseback – Amendments to IFRS 16**

Require a seller-lessee to determine lease payments so that it does not recognise any gains or losses related to the right of use retained.

### **Supplier finance arrangements – Amendments to IAS 7 and IFRS 7**

Require the disclosure of supplier finance arrangements to evaluate their impact on an entity's liabilities, cash flows, and exposure to liquidity risks.

### **Climate-related matters**

If climate-related matters are material, they must be considered in financial statements, even if not explicitly covered by IFRS. The IAS 37 agenda decision on climate-related commitments guides entities in assessing whether commitments to reduce or offset future GHG emissions create a constructive obligation requiring provision recognition.

# Effective and upcoming requirements



## Upcoming accounting requirements

### **IFRS 18 - Presentation and disclosure in financial statements**

- Replacement to IAS 1
- Effective 1 January 2027

### **IFRS 19 - Subsidiaries without public accountability: disclosures**

- Simplifies the preparation of an eligible subsidiary's financial statements
- Eligibility criteria apply
- Effective 1 January 2027

### **Lack of exchangeability – Amendments to IAS 21**

- Specifies how entities determine whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not
- Effective 1 January 2025

### **Amendments to the classification and measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7**

- Address requirements for: Settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics
- Effective 1 January 2026

# IFRS 18: Presentation and disclosure in financial statements - *Summary*

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.



**Effective date and application: January 1, 2027, with retrospective application and permitted early adoption.**

### Primary financial statements

Provide *useful structured* overview of the company's assets, liabilities, equity, income, expenses and cash flows.

### Notes to the financial statements

Provide *further information* necessary to understand items included in primary financial statements.



**Information in the primary financial statements and the notes clearly linked**

### Management-defined performance measures

Subtotals of I/E, not specified by IFRS standards, used in public communications to reflect management's perspective on financial performance:

- Disclosure requirement: reconciliation to the nearest IFRS-defined measure
- Use of MPMs: disclosure of how the measure is calculated

### Aggregation and disaggregation

IFRS 18 introduces enhanced requirements for aggregation and disaggregation to ensure financial statements are both clear and comprehensive:

- Principles for aggregation and disaggregation
- Use of meaningful labels
- Materiality considerations

## Changes in the structure of the statement of profit or loss

### Two new defined subtotals:

- Operating profit and profit before financing and income taxes

### Categories for classifying income and expenses:

- *Operating*: income and expenses (I/E) from a company's principal business activities and other activities not meeting the criteria for other classifications
- *Investing*: I/E related to assets generating returns
- *Financing*: I/E from liabilities arising from transactions involving only the raising of finance
- *Income taxes*: Tax expenses or tax income that is included in profit and loss in accordance with IAS 12
- *Discontinued operations*: I/E from discontinued operations in accordance with IFRS 5

**IFRS 18 may impact business models differently, particularly for companies whose main business activities involve investing in assets or providing financing to customers.**

**General requirements for financial statements carried forward from IAS 1**

# IFRS 18: Impact on accounting operations and reporting

The new requirements introduced by IFRS 18, including changes to profit or loss presentation, MPM disclosures, and aggregation/disaggregation practices, will necessitate updates and adjustments to your finance system to ensure compliance and accurate financial reporting.

## How can we help?

We support our clients as they navigate implementing IFRS 18 requirements into their business operations and reporting outputs:

- Assess the main business activity and determine presentational differences, and consolidation adjustments, to align subsidiary to the group reporting
- Determine the adjustments required to the chart of accounts (CoA), account classification and any other relevant changes
- Assessment of data granularity and suggest changes to ERP architecture (including transactional, consolidation and reporting systems) to enable IFRS 18 requirements
- Re-assessment and design of impacted process, procedures and associated risks and controls
- Assess whether the FX and derivative gains and losses can be matched to the underlying asset/liability of risk being hedged along with FV gains/losses hybrid contracts through “trade tagging”.
- Data mapping and reporting design for both financial data and MPM inputs
- Training programs to ensure proficiency in applying the new standard

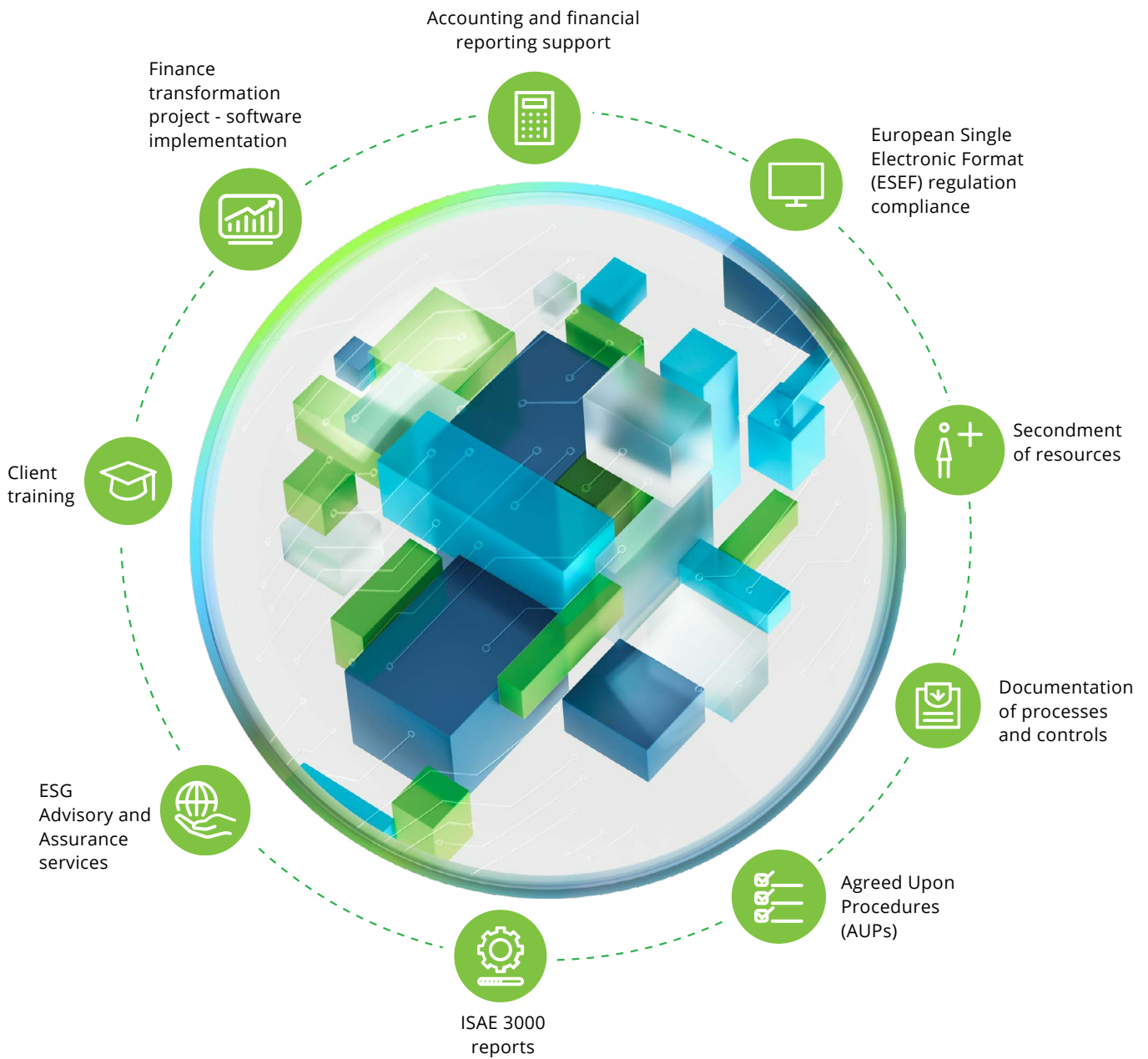
**We provide comprehensive IFRS 18 support, including impact analysis on data, reporting, disclosures, processes, and controls. We also assist in preparing audit-ready documentation for classification guidance, MPMs, aggregation, and disaggregation.**

# Why Deloitte Assurance?

We bring with us our audit legacy and in-depth understanding of current and upcoming accounting and reporting requirements to speak the same language as our client's finance teams and work together to ensure accounting, reporting and regulatory requirements are understood and reflected in finance transformation journeys.

# Our Assurance advisory offerings

We take a proactive approach, addressing the finance ecosystem of an organisation to provide value and insights.



# Get in touch



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