IFRS Core tools

IFRS Update of standards and interpretations in issue at 31 March 2025

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Introduction

Entities reporting under IFRS accounting standards (IFRS) continue to face a steady flow of new standards The resulting changes range from significant amendments of fundamental principles to some minor changes from the annual improvements process (AIP). They will affect different areas of accounting, such as recognition, measurement, presentation and disclosure.

Some of the changes have implications that go beyond matters of accounting, also potentially impacting the information systems of many entities. Furthermore, the changes may impact business decisions, such as the creation of joint arrangements or the structuring of particular transactions.

The challenge for preparers is to gain an understanding of what lies ahead.

Purpose of this publication

This publication consists of four sections:

Section 1 provides a high-level overview of the key requirements of each pronouncement issued by the International Accounting Standards Board (IASB or the Board) and the IFRS Interpretations Committee (the Committee) as at 31 March 2025 that will be effective for the first-time for reporting periods ended at that date or thereafter. This overview provides a summary of the transitional requirements and a brief discussion of the potential impact that the changes may have on an entity's financial statements.

A table comparing mandatory application for different year ends is presented at the beginning of Section 1 In the table, the pronouncements are presented in order of their effective dates. Note that many pronouncements contain provisions that would allow entities to adopt in earlier periods.

When a standard or interpretation has been issued but has yet to be applied by an entity, IAS 8 *Accounting Policies, Changes in Accounting Estimates and* Errors requires the entity to either disclose any known (or reasonably estimable) information relevant to understanding the possible impact that the new pronouncement will have on the financial statements, or indicate the reason for not doing so. The table at the beginning of Section 1 is helpful in identifying the pronouncements that fall within the scope of this disclosure requirement.

Section 2 provides a summary of the agenda decisions published in the *IFRIC Update*[1] since 1 January 2024. For agenda decisions published before 1 January 2024, please refer to previous editions of *IFRS Update*. In some agenda decisions, the Committee refers to the existing pronouncements that provide adequate guidance. These agenda decisions provide a view on the application of the pronouncements and fall within 'other accounting literature and accepted industry practices' in paragraph 12 of IAS 8. IFRS standards are required to be applied reflecting the explanatory material contained in agenda decisions.

Section 3 sets out the IASB's work programme as at 31 March 2025.

Section 4 provides a selection of useful IFRS publications, videos and podcasts that EY published as of 31 March 2025.

IFRS Core Tools

EY's *IFRS Core Tools*[2] provide the starting point for assessing the impact of changes to IFRS. Our *IFRS Core Tools* include a number of practical building blocks that can help the user to navigate the changing landscape of IFRS. In addition to *IFRS Update*, EY's *IFRS Core Tools* include the publications described below.

International GAAP® Disclosure Checklist

Our February 2025 edition of *International GAAP® Disclosure Checklist* captures disclosure requirements applicable to periods ended 30 June 2025, and disclosures that are permitted to be adopted early. The February 2025 edition of International *GAAP® Disclosure Checklist for Interim Condensed Financial Statements* captures disclosure requirements applicable to interim reports of entities with a year-end of 31 December 2025, and disclosures that are permitted to be adopted early. These disclosure requirements are for all pronouncements issued as at 28 February 2025. This tool assists preparers to comply with the presentation and disclosure requirements of IFRS in their interim and year-end IFRS financial statements. Previous editions of this tool for earlier period ends are available on EY's *IFRS Core Tools* webpage.

Good Group (International) Limited

Good Group (International) Limited is a set of illustrative financial statements, incorporating presentation and disclosure requirements that are in issue as at 30 June 2024 and effective for annual periods beginning on 1 January 2024. *Good Group (International) Limited – Illustrative interim condensed financial statements* for the period ended 30 June 2025, based on IFRS in issue at 28 February 2025, supplements *Good Group (International) Limited – Illustrative financial statements*. Among other things, these illustrative financial statements can assist in understanding the impact accounting changes may have on the financial statements.

[1] IFRS - IFRS® Interpretations Committee Updates

[2] EY's Core Tools - http://www.ey.com/en_gl/ifrs-technical-resources.

Good Group (International) Limited is supplemented by illustrative financial statements that are aimed at specific sectors and circumstances. These include:

- Good Group (International) Limited – Alternative Format
- Good Group (International) Limited – Agriculture: Supplement to Illustrative Consolidated Financial Statements
- Good First-time Adopter (International) Limited
- Good Investment Fund Limited (Equity)
- Good Investment Fund Limited (Liability)
- Good Real Estate Group 2021
- Good Mining (International) Limited (December 2021)
- Good Petroleum (International) Limited
- Good Bank (International) Limited (December 2024)
- Good Life Insurance (International) Limited
- Good General Insurance (International) Limited

Also available from EY:

Other EY publications

References to other EY publications that contain further details and discussion on these topics are included throughout the *IFRS Update*, all of which can be downloaded from our website.

International GAAP® 2025[3]

Our *International GAAP® 2025* is a comprehensive guide to interpreting and implementing IFRS.[4] It includes pronouncements mentioned in this publication that were issued prior to July 2024, and it provides examples that illustrate how the requirements of those pronouncements are applied.

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[3] International GAAP® is a registered trademark of Ernst & Young LLP (UK).

[4] International GAAP® 2025 - The global perspective on IFRS | EY - Global.

Section 1: New pronouncements issued as at 31 March 2025

Table of mandatory application

			First time applied in annual periods ending on the last day of these months**											
New pronouncement	Page	Effective date*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	5	1 Jan 2024	2025	2025	2025	2025	2025	2025	2025	2025	2025	2025	2025	2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	6	1 Jan 2024	*2025*	*2025*	*2025*	*2025*	*2025*	*2025*	*2025*	*2025*	*2025*	*2025*	*2025*	*2024*
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	6	1 Jan 2024	2025	2025	2025	2025	2025	2025	2025	2025	2025	2025	2025	2024
Lack of exchangeability – Amendments to IAS 21	7	1 Jan 2025	2026	2026	2026	2026	2026	2026	2026	2026	2026	2026	2026	2025
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	*7*	*1 Jan 2026*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2026*
Annual Improvements to IFRS Accounting Standards—Volume 11	*8*	*1 Jan 2026*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2026*
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	*10*	*1 Jan 2026*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2027*	*2026*
IFRS 18 – Presentation and Disclosure in Financial Statements	*11*	*1 Jan 2027*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2027*
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	*12*	*1 Jan 2027*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2028*	*2027*
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	13	Note 1												

* Effective for annual periods beginning on or after this date.

** Assuming that an entity has not early adopted the pronouncement according to specific provisions in the standard, interpretation or amendment.

Note 1: In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

Classification of Liabilities as Current or Non-current and *Non-current Liabilities with Covenants - Amendments to IAS 1*

Effective for annual periods beginning on or after 1 January 2024.

Key requirements

In January 2020 and October 2022, the Board issued amendments to IAS 1 *Presentation to Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer settlement must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- 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
- Disclosures

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Furthermore, the Board specified that the requirements in paragraph 72B of IAS 1 apply only to liabilities arising from loan arrangements.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance. However, in these circumstances an entity may need to disclose information about the timing of settlement to enable users to understand the impact on its financial position.

Meaning of the term 'settlement'

The Board added paragraphs 76A and 76B to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

Disclosures

IAS 1.76ZA has been added to require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities as well as any facts and circumstances that indicate the entity may have difficulty complying with the covenants.

Transition

The amendments must be applied retrospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa.

Impact

The combined impact of the 2020 amendments and the 2022 amendments will have implications for practice. Entities will, therefore, 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.

Other EY publications

IFRS Developments Issue 209: The IASB amends the requirements for classification of non-current liabilities with covenants (November 2022) EYG No. 009933-22Gbl

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

Effective for annual periods beginning on or after 1 January 2024.

Key requirements

In September 2022, the Board issued *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16).

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 recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy in accordance with IAS 8 that results in information that is relevant and reliable.

Transition

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

Other EY publications

IFRS Developments Issue 206: IASB amends IFRS 16 for lease liability measurement in a sale and leaseback transactions (September 2022) EYG No. 008269-22Gbl

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

Effective for annual periods beginning on or after 1 January 2024.

Key requirements

In May 2023, the Board issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures.*

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.

Characteristics

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

Disclosure requirements

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

Transition

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments provide some transitional reliefs regarding comparative and quantitative information as at the beginning of the annual reporting period and interim disclosures.

Other EY publications

IFRS Developments Issue 217: Supplier finance arrangements – new disclosure requirements (May 2023) EYG No. 005172-23Gbl

Lack of exchangeability – Amendments to IAS 21

Effective for annual periods beginning on or after 1 January 2025.

Key requirements

In August 2023, the Board issued *Lack of Exchangeability* (Amendments to IAS 21).

The amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates* specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

Disclosure requirements

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Transition

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed.

When applying the amendments, an entity cannot restate comparative information.

Other EY publications

IFRS Developments Issue 220: Amendments to IAS 21: Lack of Exchangeability (September 2023) EYG No. 008283-23Gbl

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

Effective for annual periods beginning on or after 1 January 2026.

Key requirements

In May 2024, the Board issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7),* which:

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarified 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
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- 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

The publication of the amendments concludes the classification and measurement phase of the IASB's post implementation review (PIR) of IFRS 9 *Financial Instruments*.

Transition

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later.

The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

Other EY publications

IFRS Developments Issue 228: IASB issues amendments to classification and measurement of financial instruments (June 2024) EYG No. 005111-24Gbl

Applying IFRS: Amendments to classification and measurement of financial instruments (November 2024) EYG no. 010424-24Gbl

Improvements to International Financial Reporting Standards

Key requirements

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11.

The following is a summary of the amendments from the Annual Improvements to IFRS Accounting Standards—Volume 11:

IFRS 1 *First-time Adoption of International Financial Reporting Standards*	**Hedge Accounting by a First-time Adopter** ▪ Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. ▪ An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IFRS 7 *Financial Instruments: Disclosures*	**Gain or Loss on Derecognition** ▪ The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 *Fair Value Measurement*. ▪ An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
Guidance on implementing IFRS 7 *Financial Instruments: Disclosures*	**Introduction** ▪ The amendments to paragraph IG1 of the *Guidance on implementing IFRS 7* clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.
Guidance on implementing IFRS 7 *Financial Instruments: Disclosures*	**Disclosure of Deferred Difference between Fair Value and Transaction Price** ▪ Paragraph IG14 of the *Guidance on implementing IFRS 7* has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.
Guidance on implementing IFRS 7 *Financial Instruments: Disclosures*	**Credit Risk Disclosures** ▪ Paragraph IG20B of the *Guidance on implementing IFRS 7* has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.
IFRS 9 *Financial Instruments*	**Lessee Derecognition of Lease Liabilities** ▪ Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. ▪ An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

IFRS 9 *Financial Instruments*	**Transaction Price** ▪ Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9. ▪ An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IFRS 10 *Consolidated Financial Statements*	**Determination of a 'De Facto Agent'** ▪ Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents. ▪ An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IAS 7 *Statement of Cash Flows*	**Cost Method** ▪ Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'. ▪ An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Other EY publications

IFRS Developments Issue 229: IASB issues narrow-scope amendments to five IFRS accounting standards EYG No. 006544 24Gbl

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

Effective for annual periods beginning on or after 1 January 2026.

Key requirements

In December 2024, the Board issued *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7). The amendments:

- 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.
- 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.
- 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.

The amendments only apply to 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.

Transition

The amendments relating to the own-use exception must be applied retrospectively. An entity is not required to restate prior periods, and it is only permitted to do so if this can be done without using hindsight.

The hedge accounting amendments must be applied prospectively to new hedging relationships designated on or after the date of initial application.

The IFRS 7 disclosure amendments must be applied when the IFRS 9 amendments are applied. If an entity does not restate comparative information, then the entity must not present comparative disclosures.

Other EY publications

IFRS Developments Issue 234: Nature-dependent Electricity – IFRS 9 and IFRS 7 amendments (January 2025) EYG No.000345-25Gbl

IFRS 18 – Presentation and Disclosure in Financial Statements

Effective for annual periods beginning on or after 1 January 2027.

Key requirements

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.

Statement of profit or loss

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity will need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which requires judgement. An entity may have more than one main business activity.

Management-defined performance measures

IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS accounting standard.

Location of information, aggregation and disaggregation

IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other accounting standards

Narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest in the statement of cash flows has also largely been removed.

New requirements have been added to IAS 33 *Earnings per Share* that only permit entities to disclose additional amounts per share, if the numerator used in the calculation meets specified criteria. The numerator must be:

- An amount attributable to ordinary equity holders of the parent entity; and
- A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18.

Some requirements previously included within IAS 1 have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* which has been renamed IAS 8 *Basis of Preparation of Financial Statements*. IAS 34 *Interim Financial Reporting* has been amended to require disclosure of MPMs.

Transition

IFRS 18, and the consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed.

Other EY publications

Applying IFRS: A closer look at IFRS 18 (July 2024) EYG No. 006508-24Gbl

IFRS Developments Issue 223: The IASB issues IFRS 18 Presentation and Disclosure in Financial Statements (April 2024) EYG No. 003270-24Gbl

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

Effective for annual periods beginning on or after 1 January 2027.

Key requirements

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.

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. 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.

Eligible entities

An entity may elect to apply IFRS 19 if at the end of the reporting period:

- It is a subsidiary as defined in IFRS 10;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

Public accountability

An entity has public accountability if:

- Its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for trading in a public market; or
- It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (i.e., not for reasons incidental to its primary business).

Disclosure requirements and references to other IFRS accounting standards

The disclosure requirements in IFRS 19 are organised into subheadings per IFRS accounting standard and where disclosure requirements in other IFRS Accounting Standards remain applicable, these are specified under the subheading of each IFRS accounting standard.

IFRS 19 disclosures exclude IFRS 8 *Operating Segments*, IFRS 17 *Insurance Contracts* and IAS 33 *Earnings per Share*. Therefore, if an entity that applies IFRS 19 is required to apply IFRS 17 or elects to apply IFRS 8 and/or IAS 33, that entity would be required to apply all the relevant disclosure requirements in those standards.

Expected 'catch-up' amendments

In developing the disclosure requirements in IFRS 19, the Board considered the disclosure requirements in other IFRS accounting standards as at 28 February 2021. Disclosure requirements in IFRS accounting standards that have been added or amended subsequent to this date have been included in IFRS 19 unchanged. Consequently, the Board published an exposure draft setting out whether and how to reduce the disclosure requirements of any amendments and additions made to other IFRS accounting standards between 28 February 2021 and 1 May 2024, for the purpose of updating IFRS 19. The comment period ended on 27 November 2024. The IASB has analysed the feedback and expects to publish the amendments to IFRS 19 in the second half of 2025.

Transition

IFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted.

If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise.

Other EY publications

IFRS Developments Issue 226: IASB issues IFRS 19 Subsidiaries without public accountability: Disclosures (May 2024) EYG No. 004381-24Gbl

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. Key requirements.

The amendments address the conflict between IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 *Business combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

Transition

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgmental and entities need to consider the definition carefully in such transactions.

Section 2: IFRS Interpretations Committee's agenda decisions since 1 January 2024

Certain items deliberated by the Committee are published within the 'Committee agenda decisions' section of the IASB's *IFRIC Update*. Agenda decisions are issues that the Committee decides not to add to its agenda and include the reasons for not doing so. For some of these items, the Committee includes further information and explanatory material about how the standards should be applied. Before an agenda decision is published, the Board is asked whether it objects to the agenda decision. If four or more Board members object, the agenda decision will not be published and the Board decides how to proceed.

Whilst agenda decisions (including any explanatory material contained within them) do not add to or change requirements in IFRS accounting standards, the explanatory material derives its authority from IFRS accounting standards. Accordingly, an entity is required to apply IFRS accounting standards, reflecting the explanatory material in an applicable agenda decision.

The table below provides an overview of the topics that the Committee decided not to take onto its agenda for the period from 1 January 2024 to 31 March. For agenda decisions published before 1 January 2024 please refer to previous editions of *IFRS Update*. All items considered by the Committee during its meetings, as well as the full text of its conclusions, can be found in the *IFRIC Update* on the IASB's website.[5]

According to the Committee, 'the process for publishing an agenda decision might often result in explanatory material that provides new information that was not otherwise available and could not otherwise reasonably have been expected to be obtained. Because of this, an entity might determine that it needs to change an accounting policy as a result of an agenda decision. The Board expects that an entity would be entitled to sufficient time to make that determination and implement any change (for example, an entity may need to obtain new information or adapt its systems to implement a change).'

Agenda decision	Relates to	Date
Merger Between a Parent and Its Subsidiary in Separate Financial Statements	IAS 27 *Separate Financial Statements*	January 2024
Climate-related Commitments	IAS 37 *Provisions, Contingent liabilities and Contingent assets*	April 2024
Payments Contingent on Continued Employment during Handover Periods	IFRS 3 *Business combinations*	April 2024
Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8)	IFRS 8 *Operating segments*	July 2024
Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts	IAS 7 *Statement of Cash Flows*	February 2025

5 The *IFRIC Update* is available at http://www.ifrs.org/news-and-events/updates/ifric-updates/.

Section 3: IASB work programme

The table below sets out the estimated timeline for the projects on the IASB's work plan as at 31 March.

IASB projects	Next milestone	Expected date
Application questions		
Assessing Indicators of Hyperinflationary Economies (IAS 29)	Tentative Agenda Decision Feedback	March 2025
Recognition of Intangible Assets Resulting from Climate-related Expenditure (IAS 38)	Tentative Agenda Decision Feedback	April 2025
Guarantees Issued on Obligations of Other Entities	Tentative Agenda Decision Feedback	April 2025
Recognition of Revenue from Tuition Fees (IFRS 15)	Tentative Agenda Decision Feedback	April 2025
Maintenance projects		
Climate-related and Other Uncertainties in the Financial Statements	Decide Project Direction	May 2025
Provisions—Targeted Improvements	Exposure Draft Feedback	June 2025
Translation to Hyperinflationary Presentation Currency (IAS 21)	Exposure Draft Feedback	May 2025
Updating IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	Final Amendment	Q3 2025
Research projects		
Amortised Cost Measurement	Decide Project Direction	H1 2026
Intangible Assets	Decide Project Direction	May 2025
Post-implementation Review of IFRS 16 *Leases*	Request for Information	June 2025
Statement of cash flows and related matters	Review Research	May 2025
Standard-setting and related projects		
Business Combinations—Disclosures, Goodwill and Impairment	Decide Project Direction	2026
Dynamic Risk Management	Exposure Draft	H2 2025
Equity Method	Exposure Draft Feedback	May 2025
Financial Instruments with Characteristics of Equity	Final Amendments	2026
Management Commentary	Final Revised Practice Statement	June 2025
Rate-regulated Activities	IFRS Accounting Standard	H2 2025

Section 4: EY publications, videos and podcasts

The table below a selection of useful IFRS publications, videos and podcasts that EY published as of 31 March 2025.

EY Core Tools

International GAAP® 2025

Good Group (International) Limited December 2024

Good Group (International) Limited - Alternative Format December 2024

Good Group - Interim Financial Statements (June 2025)

International GAAP® Disclosure Checklist for Annual Financial Statements

International GAAP® Disclosure Checklist for Interim Financial Statements

Good Group (International) Limited is supplemented by illustrative financial statements that are aimed at specific sectors and circumstances, which are listed in the Introduction.

Applying IFRS

A closer look at IFRS 18

Amendments to classification and measurement of financial instruments

International Tax Reform – Pillar Two disclosures in practice

Connected Financial Reporting: Accounting for Climate Change (Updated May 2024)

Accounting considerations for geopolitical events and uncertainty

Accounting for payments from suppliers

The FICE project progresses

IASB continues to develop its DRM accounting model

International Tax Reform - Pillar Two Disclosures in Practice

IAS 34 interim reporting in 2023 – disclosures on IFRS 17 and IFRS 9

IFRS 9 Post Implementation Review - progress to date

Accounting for SPACs (Updated January 2023)

The IASB has outlined its proposed new dynamic risk management accounting model

Disclosure of accounting policy information

Financial instruments with characteristics of equity (FICE)

IBOR Reform (Updated December 2021)

Accounting by holders of crypto-assets (Updated October 2021)

Energy Transition: carbon capture and storage accounting considerations

Energy Transition - lease considerations in respect of power purchase agreements

Accounting for cloud computing costs

Impairment for lessees that plan to reduce the use of real estate

IFRS Developments

235: IASB issues third edition of IFRS for SMEs accounting standard

234: Nature-dependent electricity - IFRS 9 and IFRS 7 amendments

233: IASB proposes amendments to requirements for non-financial liabilities

232: Hyperinflationary economies (Updated October 2024)

231: IASB proposes amendments to the equity method of accounting

230: IASB proposes examples of climate-related and other uncertainties

229: IASB issues narrow scope amendments to IFRS accounting standards

228: Amendments to classification and measurement of financial instruments

227: Proposed amendments to IFRS 9 and IFRS 7 - Renewable Electricity Contracts

226: IASB issues IFRS 19 Subsidiaries without Public Accountability: Disclosures

225: Hyperinflationary economies (Updated May 2024)

224: IASB ends project on business combinations under common control

223: IASB issues IFRS 18 Presentation and Disclosure in Financial Statements

222: IASB proposes amendments to IFRS 3 and IAS 36

220: Amendments to IAS 21: Lack of Exchangeability

218: Amendments to IAS 12: International Tax Reform Pillar Two Model Rules

217: Supplier finance arrangements – new disclosure requirements

216: IFRS IC agenda decision: Definition of a Lease — Substitution Rights (IFRS 16 Leases)

212: New guidance for developing disclosure requirements

209: The IASB amends the requirements for classification of non-current liabilities with covenants

205: IASB proposes to update the IFRS for SMEs Accounting Standard

199: Accounting for trees held to generate carbon offsets for use or sale

191: IASB clarifies deferred tax accounting for leases and decommissioning

187: The Disclosure Initiative - IASB amends the accounting policy requirements

186: The IASB defines accounting estimates

184: IASB issues Exposure Draft on regulatory assets and regulatory liabilities

183: Going concern - disclosure reminders issued by the IASB

182: Agenda Decision on reverse factoring

Other publications

Insurance Accounting Alert September 2023

IFRS adopted by the European Union at 30 June 2024

Interim reporting and IFRS 17

US GAAP versus IFRS: The basics - December 2024

Videos

Regulatory assets and regulatory liabilities

Podcasts

What to know about rehabilitation provisions in mining and metals

How ESG risks and opportunities impact mining and metals

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About EY's International Financial Reporting Standards Group
A global set of accounting standards provides the global economy with one measure to assess and compare the performance of companies. For companies applying or transitioning to International Financial Reporting Standards (IFRS), authoritative and timely guidance is essential as the standards continue to change. The impact stretches beyond accounting and reporting to the key business decisions you make. We have developed extensive global resources — people and knowledge — to support our clients applying IFRS and to help our client teams. Because we understand that you need a tailored service as much as consistent methodologies, we work to give you the benefit of our deep subject matter knowledge, our broad sector experience and the latest insights from our work worldwide

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