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December year-end accounting reminders – IFRS[®] Accounting Standards

January 2025



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1 Introduction

This document relates to reporting requirements as at 31 December 2024.

The first section on topical issues includes items that entities might want to consider for this year end. The second part of the document includes the IFRS[®] Accounting Standards and IFRIC[®] Interpretations that are newly applicable for 31 December year ends.

The final part of the document includes the accounting standards and IFRIC interpretations that are effective in the future but as per paragraph 30 of IAS 8, might need disclosure in the current financial statements of the possible impact of adoption if material.



2 Topical issues

Geopolitical risks

Geopolitical conflict has continued to create significant shifts in the global risk landscape and is having a pervasive economic impact. Investors will want to understand if and how this is affecting an entity's operations, risk exposure and outlook. Entities must carefully consider the impact on their financial statements and disclosures. Items to look out for include:

- Impacts of restrictions and sanctions on trade, investing, and financing (including restricted access to cash accounts, and foreign currency reserves).
- Impairment, onerous contracts and contingencies.
- Breaches of supply contracts or financial covenants.
- Foreign exchange exposure and translation of foreign currency transactions.
- Level of influence or power over existing associates and subsidiaries located in areas of conflict.
- Post balance sheet events and related disclosure for non-adjusting material events.

[Our publication from May 2022](#) provides accounting guidance in the context of the conflict between Russia and Ukraine and includes considerations relevant to other geopolitical conflicts.

Climate change and connectivity between sustainability reporting and financial reporting

In many cases, an entity's exposure to climate-related risks might not have changed significantly since its last annual reporting period. However, climate-related risks are an important topic for many investors and so entities should ensure that all material information affecting the financial statements in this respect is provided.

Entities should also ensure consistency between financial and non-financial reporting on key climate-related assumptions, if these are relevant for the purposes of estimating and recognising IFRS compliant transactions/balances. If there is commentary in the sustainability report that hasn't been reflected in financial reporting (for example, because the entity is relying on market participants assumptions which differ) the entity should consider the need for additional commentary on why such items have been reflected on a different basis in financial reporting.

[Our publications from January 2021](#) provides guidance on reflecting climate matters in financial statements. [Our publication from April 2023](#) provides guidance on voluntary carbon markets.

Hyper-inflationary economies

The IMF World Economic Outlook report released in October 2024 provides updated data in respect of current and projected levels of inflation. The most significant changes relate to:

- Lao P.D.R. and Malawi are expected to become hyperinflationary for 31 December 2024 year ends.
- Nigeria and Egypt are not considered hyperinflationary for 31 December 2024 year ends, but should be very closely monitored.
- Zimbabwe might no longer be considered a hyperinflationary economy from 31 December 2024. Entities that have ZWG as a functional currency should monitor developments during the remainder of 2024.
- Yemen is no longer considered hyperinflationary from June 2024.

Other hyperinflationary economies relate to the currencies of Argentina, Ethiopia, Ghana, Haiti, Iran, Lebanon, Sierra Leone, South Sudan, Sudan, Suriname, Turkey, Venezuela and Zimbabwe.

For further details refer to [our publication from November 2024](#).

Global minimum tax (“GloBE rules”)

In 2021, 136 countries agreed to a two-pillar approach to international tax reform. Pillar One seeks to create a nexus rule whereby certain profits of enterprises are reallocated to market jurisdictions (to locations where the sales arise without the enterprise having a physical presence). Pillar Two seeks to apply a global minimum effective tax rate of 15%. The rules will impact current income tax when the legislation comes into effect.

In 2023 the IASB amended IAS 12, ‘Income taxes’ - with immediate effect - to provide relief from accounting for deferred taxes arising from the implementation of the GloBE rules, including any qualifying domestic minimum top up taxes. Entities are therefore prohibited from recognising or disclosing information about deferred tax assets and liabilities related to Pillar Two taxes.

However, disclosure is still required for the potential exposure to, and impact of Pillar Two on current taxes.

[Our publication from September 2023](#) provides guidance on the global implementation of Pillar Two, particularly the impact on deferred taxes and disclosures. See also our [Pillar Two Country tracker](#) and [IFRS Talks podcast from November 2023](#).

Non-financial asset key reminders for impairment reviews

Impairment is an ongoing area of concern for many entities in the current economic environment. Regulators remain focused on this area and continue to push for increased transparency in disclosures. Entities with significant amounts of goodwill and intangibles with infinite lives, or those that are affected to a greater extent by

- climate change,
- inflation,
- geopolitical risks

are at greater risk of a regulatory challenge to their impairment assessments and in particular the related disclosures.

[Our publication from December 2022](#) deals with navigating IFRS accounting standards in periods of raising inflation and high interest rates.

Offsetting (or netting) in the financial statements

Offsetting (sometimes referred to as ‘netting’) is the net presentation of separate assets and liabilities or income and expenses in the financial statements. Similar considerations apply to the reporting of gross or net cash flows in the cash flow statement.

Offsetting and netting are generally prohibited, except where expressly required or permitted by accounting standards. This is because it detracts from users’ ability to both gain a full and proper understanding of the transactions, other events and conditions that have occurred and to assess an entity’s future cash flows.

Where offsetting is permitted, there are usually specific criteria that must be met in order to offset. Most cases where the criteria for offsetting are met, offsetting must be applied – it is not a choice.

Relevant guidance:

Offsetting in relation to:	IFRS guidance ¹
General offsetting, including in the income statement	IFRS Manual of accounting paras 4.39 – 4.40
Financial instruments	IFRS Manual of accounting paras 47.15 – 47.28
Current and deferred tax	IFRS Manual of accounting paras 14.149 – 14.153

¹ Viewpoint subscription required.

Stand back considerations

Prior to approving the financial statements, entities should perform a critical review of the annual report and accounts as a whole. This will ensure that the whole report is clear, balanced and understandable. As part of the critical review, immaterial information should be identified and deleted. Entities should also consider, as per IAS 1 para 31 and 112 (c), if additional information, beyond the specific requirements of each IFRS Accounting Standard, should be given such that the reader can understand specific material transactions or events.

Entities need to ensure that accounting policies describe all significant events. Also, all significant judgements in applying the policies should be described and explained. As outlined above in relation to uncertainties, key assumptions and sensitivities need to be provided. There needs to be a regular reassessment of the disclosures around judgements and estimates to ensure they remain relevant and up to date. A roll forward of the prior year, especially in fast changing times, might be a good starting point, but should not automatically be assumed to still be relevant.

Entities should also ensure that there is sufficient linkage and consistency between the narrative and the financial statements in the overall report. Any perceived inconsistencies might need to be explained and are typically subject to regulatory challenge. This would for example be particularly relevant for climate related impacts (as noted above in section 'Climate change and connectivity between sustainability reporting and financial reporting').

IFRIC Agenda Decision – Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8)

In its July 2024 meeting, the IASB approved an Interpretations Committee agenda decision in relation to segment reporting. The decision deals with specified items of revenue and expenses that need to be disclosed for each reportable segment. Entities might find that this agenda decision has implications for the level of information presented in their segment reporting. Agenda decisions do not have an effective date – instead entities are given sufficient time to identify and implement any accounting changes resulting from them. Entities will need to apply judgement to determine what might be sufficient time, based on their facts and circumstances. We expect that if an entity is not ready to include the updated disclosures in its 31 December 2024 reporting (including comparatives), it should be prepared to make disclosures similar to those provided about forthcoming IFRS Accounting Standards in accordance with paragraphs 30 and 31 of IAS 8. Our [publication from 30 October 2024](#) provides further details on the agenda decision and its potential impact for preparers.

3 Accounting standards and IFRIC interpretations newly applicable for 31 December 2024 year ends

Amendment to IAS 1 – Non-current liabilities with covenants

These amendments clarify how conditions which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these amendments. For further details see [our publication from 28 November 2022](#).

Amendment to IFRS 16 – Leases on sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. For further details see [our publication from 06 April 2023](#).

Amendment to IAS 7 and IFRS 7 – Supplier finance arrangements

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. For further details see [our publication from 31 August 2023](#).

4 New IFRS accounting standards effective after 1 January 2025

Paragraph 30 of IAS 8 requires an entity to disclose if there are new accounting standards that are issued but not yet effective, and information relevant to assessing the possible impact that the application of the new accounting standards will have on the entity's financial statements. This summary includes all new accounting standards and amendments issued before 31 December 2024 with an effective date for accounting periods beginning on or after 1 July 2024.

Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. For further details see our publication from September 2023 .
Published	August 2023
Effective date	Annual periods beginning on or after 1 January 2025 (early adoption is available)
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	<p>These amendments:</p> <ul style="list-style-type: none"> clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). <p>For further details see our publication from June 2024.</p>
Published	May 2024
Effective date	Annual periods beginning on or after 1 January 2026 (early adoption is available)
Annual improvements to IFRS – Volume 11	<p>Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:</p> <ul style="list-style-type: none"> IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.
Published	July 2024
Effective date	Annual periods beginning on or after 1 January 2026 with earlier application permitted.
Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	<p>The amendments include:</p> <ul style="list-style-type: none"> clarifying the application of the 'own-use' requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.
Published	December 2024
Effective date	Annual periods beginning on or after 1 January 2026 with earlier application permitted.

IFRS 18 Presentation and Disclosure in Financial Statements	<p>This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:</p> <ul style="list-style-type: none"> • the structure of the statement of profit or loss; • required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. <p>For further details see our publication from May 2024.</p>
Published	April 2024
Effective date	Annual periods beginning on or after 1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	<p>This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.</p> <p>A subsidiary is eligible if:</p> <ul style="list-style-type: none"> • it does not have public accountability; and • it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. <p>IFRS 19 can be applied as soon as it is issued. For further guidance see our publication from May 2024.</p>
Published	May 2024
Effective date	Annual periods beginning on or after 1 January 2027. Earlier application is permitted.

