



December year-end accounting reminders – IFRS® Accounting Standards

December 2025



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1 Introduction

This document relates to reporting requirements as at 31 December 2025.

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

Import tariffs

As part of international trade policy, many countries have historically imposed tariffs on imported goods. The recent implementation of significant new tariffs and increases to existing tariffs, along with the possibility of reciprocal tariffs, has heightened the potential impact on businesses across many industries. Entities might face complex operational and compliance challenges due to the number of items potentially subject to tariffs and ongoing uncertainty surrounding tariff policies. These complexities give rise to a number of accounting implications and disclosure considerations. As entities navigate this shifting landscape, management should collaborate closely with their legal, compliance and operations teams to proactively identify and assess additional risks related to tariffs that could affect operating results, liquidity and financial reporting.

Tariffs could impact entities in a variety of different ways. Entities will need to evaluate a broad range of factors when assessing the potential impact of tariffs on their financial reporting.

[Our publications from May 2025](#) provides further guidance.

EU Omnibus package

On 26 February 2025, the European Commission (EC) published the first of the 'Omnibus' packages intended to simplify sustainability reporting requirements. The overall goal of the Omnibus is to reduce reporting burdens, particularly for smaller and mid-sized entities, and increase efficiency in sustainability reporting. This comes as a result of pressure to foster a growth environment in the EU.

The package includes proposals related to the Corporate Sustainability Reporting Directive (CSRD) and proposed changes to the Corporate Sustainability Due Diligence Directive (CSDDD), the Carbon Border Adjustment Mechanism (CBAM), and regulations related to Invest EU and other EU investment programmes. The EC also issued a draft Delegated Act to propose changes to the EU Taxonomy Regulation.

[Our publication from March 2025](#) provides further guidance.

On 31 July 2025, EFRAG published [exposure drafts](#) requesting comments on revised European Sustainability Reporting Standards (ESRS). The revised ESRS are one component of the EC's February 2025 'Omnibus' package referred to above.

The proposed ESRS revisions are intended to reduce the burden of sustainability reporting by reducing the number of mandatory datapoints, clarifying unclear provisions, simplifying the structure and presentation of the standards, and enhancing interoperability. The release of the draft ESRS is an important step in EFRAG's workplan to respond to its mandate from the European Commission to finalise the revised ESRS by 30 November 2025.

Other changes approved in response to the European Commission's February 2025 Omnibus proposals include the 'stop-the-clock' directive which extends the reporting deadlines for 'wave 2' and 'wave 3' reporters by two years, the 'quick fix' delegated act, which extends the year one transition relief in ESRS to entities currently reporting under CSRD ('wave 1' reporters) to 2026 and 2027, and an updated EU Taxonomy Regulation.

[Our publication from November 2025](#) provides further guidance.

Climate change and connectivity between sustainability 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 remain 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.

In November 2025, the IASB has issued amendments regarding 'Disclosures about Uncertainties in the Financial Statements' (the Examples). These Examples do not change requirements in current IFRS Accounting Standards which entities need to consider in finalising their December 2025 year-end. Rather, they provide additional insights into how to apply these disclosure requirements in current IFRS Accounting Standards. Entities are encouraged to consider the impact of the draft Examples on their reporting.

[Our publication from January 2021](#) provides provide guidance on reflecting climate matters in the financial statements.

[Our publication from April 2023](#) provides guidance on voluntary carbon markets.

Hyper-inflationary economies

The IMF World Economic Outlook report released on 14 October 2025 provides updated data in respect of current and projected levels of inflation. We have used this data in our assessment of whether an economy is considered hyperinflationary, together with the other qualitative factors in paragraph 3 of IAS 29.

The most significant changes and updates compared to our communication from June 2025 relate to the following:

- Zimbabwe is considered hyperinflationary for 31 December 2025 period ends onwards;
- Nigeria and Egypt should be monitored closely but are currently not expected to become hyperinflationary for 31 December 2025 period ends; and

- Ghana, Lao P.D.R. and Suriname are no longer considered to be hyperinflationary economies for periods ending on or after 31 December 2025.

Other hyperinflationary economies relate to the currencies of Argentina; Burundi; Haiti; Islamic Republic of Iran; Lebanon; Malawi; Sierra Leone; South Sudan; Sudan; Turkey; Venezuela; and Zimbabwe (updated from December 2025). Consistent and reliable inflation data is not currently available for Afghanistan, Eritrea, Myanmar, and Bolivia. Entities with the currency of these countries should consider the information available at the reporting date to determine whether IAS 29 is applicable.

For further details refer to [our publication from December 2025](#).

Items that are often overlooked

When preparing or reviewing financial statements, it can be challenging to identify missing transactions that should have been posted but were not. We have compiled a list of key reminders on what not to miss to assist preparers and auditors in ensuring these accounting items are properly reflected in the financial statements.

[Our internal publication](#) provides a further guidance.¹

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').

¹ Viewpoint subscription required.

3 Accounting standards and IFRIC interpretations newly applicable for 31 December 2025 year ends

Amendment 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](#).

4 New IFRS accounting standards effective after 1 January 2026

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 30 June 2025 with an effective date for accounting periods beginning on or after 1 January 2026.

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 <p>IAS 7 Statement of Cash Flows.</p>
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.

Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency	<p>These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:</p> <ul style="list-style-type: none"> its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy. <p>The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.</p>
Published	November 2025
Effective date	Annual periods beginning on or after 1 January 2027, but can be early adopted subject to local endorsement where required.
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements	<p>These amendments include Examples illustrating how an entity applies the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements. The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. The Examples do not add to or change requirements in IFRS Accounting Standards and therefore there are no transition requirements. Instead, these Examples will accompany the respective IFRS Accounting Standards to which they relate.</p>
Published	November 2025
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 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.

Contacts



David Baur

Leader Corporate Reporting Services

+41 58 792 26 54

david.baur@pwc.ch

linkedin.com/in/baurdavid



Sebastian Gutmann

Director Corporate Reporting Services

+41 79 742 94 19

sebastian.gutmann@pwc.ch

linkedin.com/in/sebastian-gutmann

For more information visit: www.pwc.ch

