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TECHNICAL UPDATE

A SUMMARY OF CHANGES TO FINANCIAL REPORTING REQUIREMENTS APPLICABLE FOR YEARS ENDING 31 DECEMBER 2026

NOVEMBER 2026



This Technical Update provides you with an overview of IFRS Accounting Standards, IFRIC Interpretations and IFRIC Agenda decisions issued up to 31 October 2026. It outlines:

- New IFRS Accounting Standards, amendments and IFRIC interpretations mandatorily applicable for the first time for years ended 31 December 2026 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 2026; and
- IFRIC Agenda decisions made since November 2025.

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, Changes 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.

Shaded rows represent those new standards and amendments that have been issued since November 2025.

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STANDARDS APPLICABLE FOR THE FIRST TIME FOR 31 DECEMBER 2026 YEAR ENDS

The following IFRSs and amendments are mandatorily applicable for the first time for 31 December 2026 year-ends:

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 IFRS 9 and IFRS 7 (cont.)**	**Amendments to the Classification and Measurement of Financial Instruments** These amendments update IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* as a result of 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 or limited-recourse features to determine whether they meet the SPPI criteria and can be measured at amortised cost. It also amends the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent	**1 January 2026**

REFERENCE	TITLE	APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER
	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 required to be 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 • 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 liability 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.	**1 January 2026**
Amendments to illustrative examples	**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*** These amendments to the Illustrative examples demonstrate how entities can apply IFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. Whilst the examples use	**N/A**

REFERENCE	TITLE	APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER
	climate-related scenarios as illustrations the guidance is applicable to all uncertainties. As these are illustrative examples, they are not authoritative and do not have an effective date. There has been no change to the mandatory requirements in the relevant IFRS Accounting Standards.	

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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
IFRS 18	***Presentation and Disclosure in Financial Statements*** This standard will replace IAS 1 *Presentation of Financial Statements*. Whilst many of the requirements have been brought across without amendment, IFRS 18 introduces three key changes. The statement of profit or loss will be required to be classified into five categories: operating, investing, and financing, similar to the layout of the cash flow statement, along with discontinued operations and income taxes. Management performance measures that are used by an entity in other public communications outside the financial statements, must now be included in a note to the financial statements including a reconciliation to the most directly comparable subtotal specified by IFRS Accounting Standards. 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.**	**1 January 2027**
Amendments to IAS 28	**Amendments to the Fair Value Option for Investments in Associates and Joint Ventures** This amendment clarifies that entities that have a main business activity of investing in particular types of assets	**On application of IFRS 18 (1 January 2027)**

REFERENCE	TITLE	APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER
	are eligible to measure investments in associates and joint ventures using the fair value option in IAS 28 *Investments in Associates and Joint Ventures* The amendment is applied the same time that an entity adopts IFRS 18. If IFRS 18 is early adopted, then this amendment shall be adopted early for the same period.	
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 were 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 IAS 21	**Translation to a Hyperinflationary Presentation Currency** These amendments clarify the translation process for an entity whose presentation currency is that of a hyperinflationary economy, where the functional currency is that of a non-hyperinflationary economy. The amendment is applied retrospectively and early adoption is available.	**1 January 2027**
IFRS 20	**Regulatory Assets and Regulatory Liabilities** IFRS 20 is applicable to entities that are subject to rate regulation and aims to help investors better understand	**1 January 2029**

REFERENCE	TITLE	APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER
	how that rate regulation affects the company's financial performance and position. It requires companies to recognise in their financial statements effects of any differences in the timing of when it supplies the regulated goods or service and when it charges customers for those goods and services. IFRS 20 replaces IFRS 14 *Regulatory Deferral Accounts* and is applied retrospectively, with some transitional relief available and is available for early adoption.	
Amendments to IFRS 10 and IAS 28	**Sale or contribution of assets between an investor and its associate 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: • 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.	**Deferred until IASB finalises its research project on the equity method**

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IFRIC PRONOUNCEMENTS

The IFRS Interpretations Committee (IFRIC) is the interpretive body of the IASB 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 comply 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, Changes in Accounting Estimates and Errors*.

The following is a summary of the IFRIC Agenda Decisions since November 2025. For the full details, refer to the relevant IFRIC Update:

- **Embedded Prepayment Option (IFRS 9 *Financial Instruments)***
  November 2025 IFRIC, confirmed by the IASB in January 2026
  IFRIC was asked whether when interpreting IFRS 9.B4.3.5(e)(ii) regarding the existence of a prepayment option in a financial liability, whether the reference to 'the entity' should be read as referring to 'the lender' or 'the reporting entity'. The difference in interpretation could have a significant impact on whether the embedded derivative is required to be separated from the host debt instrument. The committee concluded that there was no diversity in practice and that stakeholders read the requirements as referring to the lender and no further guidance was required.

- **Determining and Accounting for Transaction Costs (IFRS 9 *Financial Instruments)***
  November 2025 IFRIC, confirmed by the IASB in January 2026
  IFRIC was asked whether costs that are directly attributable to the origination of a financial instrument but are incurred before entering into the contractual arrangement are considered incremental and can be capitalised into the financial instrument. Further to this, it was asked how such costs should be treated in the period between incurring the costs and recognising the associated financial instrument. The Committee found that there was no diversity in practice, that entities still considered these costs incurred up front to be incremental costs, and they are not precluded from being treated as such. The costs are capitalised in the statement of financial position before the financial instrument is entered into typically as a prepayment. It was concluded that no further standard setting work was required.

- **Updates to IFRIC agenda decisions for IFRS 18**
  November 2025 IFRIC, confirmed by the IASB in January 2026
  As a result of the issuance of IFRS 18 *Presentation and Disclosure in Financial Statements*, IFRIC has reconsidered six previously issued agenda decisions, and has made minor amendments to the following agenda decisions for consistency with IFRS 18.

- Disclosure of Revenues and Expenses from Reportable Segments (IFRS 8) (July 2024)
- Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7) (April 2022)
- Subsequent Expenditure on Biological Assets (IAS 41) (September 2019)
- Disclosure of Changes in Liabilities Arising from Financing Activities (IAS 7) (September 2019)
- Physical Settlement of Contracts to Buy or Sell a Non-financial Item (IFRS 9) (March 2019)
- Normal Operating Cycle (IAS 1) (June 2005)

- **Economic Benefits from Use of a Battery under an Offtake Arrangement (IFRS 16 *Leases)***
  March 2026 IFRIC, confirmed by the IASB in April 2026
  IFRIC was asked how an entity determines that it has substantially all the economic benefits from the use of an identified asset under IFRS 16, in relation to a specific fact pattern for a battery offtake arrangement. In the fact pattern, the battery owner retains custody of the battery but must charge and discharge it in accordance with the electricity retailer's instructions, which cover 100% of the battery's capacity, and the battery cannot be substituted. The retailer pays a fixed amount for the right to use the battery and receives (or pays) all of the cash flows arising from the battery owner's spot-price transactions with the market operator. The Committee concluded that, in this fact pattern, the electricity retailer has the right to obtain substantially all of the economic benefits from use of the battery. Entities with similar arrangements will also need to consider whether they have the right to direct the use of the battery in determining whether the arrangement contains a lease.

- **Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability (or Asset) (IFRS 18 *Presentation and Disclosure in Financial Statements)***
  March 2026 IFRIC, confirmed by the IASB in April 2026
  IFRS 18 requires foreign exchange differences to be classified in the same category as the income and expenses from the items that gave rise to them. IFRIC was asked how this applies to an exchange difference on an intragroup loan (that is not part of the net investment in a foreign operation) when the income and expenses on that intragroup loan are eliminated on consolidation, but the exchange difference remains in consolidated profit or loss. The Committee concluded that an entity makes an accounting policy choice to either classify all such exchange differences in the operating category, or classify each exchange difference in the same category in which the income and expenses from the intragroup loan were classified before elimination on consolidation. This is expected to be a change in practice for many groups that currently present these exchange differences within finance costs.

- **Fair Presentation and Compliance with IFRS Accounting Standards (IAS 1 *Presentation of Financial Statements)***
  March 2026 IFRIC, confirmed by the IASB in April 2026
  IFRIC was asked whether an entity that departs from a requirement in an IFRS Accounting Standard, in the extremely rare circumstances permitted by IAS 1 (IAS 8 once IFRS 18 is applied), is nonetheless still required to comply with the overall fair presentation requirement in IAS 1 (IAS 8). The Committee found that this fact pattern arises infrequently and concluded that the matter does not have widespread effect. No standard-setting project was added and no explanatory material was provided.

- **Assessment of a Specified Main Business Activity for the Purposes of the Separate Financial Statements of a Parent (IFRS 18 *Presentation and Disclosure in Financial Statements)***
  March 2026 IFRIC, confirmed by the IASB in April 2026
  IFRIC was asked whether an ultimate parent, whose only activities are holding investments in subsidiaries, making decisions on their management, acquisition and disposal, and distributing returns to shareholders, has a specified main business activity of investing in unconsolidated subsidiaries for the purposes of its separate financial statements. The Committee concluded that the parent does have a main business activity of investing in unconsolidated subsidiaries, and that the absence of subtotals or segment information is not determinative. As a result, income and expenses from those investments are classified in the operating category, rather than the investing category, of the parent's separate statement of profit or loss.

- **Scope of the Requirement to Disclose Expenses by Nature (IFRS 18 *Presentation and Disclosure in Financial Statements)***
  March 2026 IFRIC, confirmed by the IASB in April 2026
  IFRIC was asked whether the requirement in IFRS 18 to disclose specified expenses by nature (such as depreciation, amortisation and employee benefits) applies only to operating expenses presented by function or to any expenses presented by function in the operating category, including the amounts required to be presented by IFRS 9 and IFRS 17 *Insurance Contracts*. The Committee observed that IFRS 18.83 contains no exceptions or exclusions, and concluded that it applies to any line item comprising expenses classified by function in the operating category, including those required by IFRS 9 and IFRS 17. The amounts disclosed need not be the amounts recognised as an expense in the period and may include amounts capitalised as part of the carrying amount of an asset. If so, the entity is required to provide a qualitative explanation of that fact, identifying the assets involved.

- **Classification of Gains and Losses on a Derivative Managing a Foreign Currency Exposure (IFRS 18 *Presentation and Disclosure in Financial Statements)***
  March 2026 IFRIC, confirmed by the IASB in April 2026
  IFRIC was asked how to classify gains and losses on a foreign currency forward contract that is used to manage a group's net foreign currency exposure but is not designated as a hedging instrument under IFRS 9. In the fact pattern, the group has a foreign currency loan receivable (classified in the investing category) and a larger foreign currency borrowing (classified in the financing category), and in line with its risk management policy, uses the derivative to manage only the resulting net liability exposure. The Committee concluded that the gains and losses on the derivative are classified in the same category as the income and expenses affected by the risk being managed, which in this case is the financing category. As the net exposure only affects the financing category, this does not require grossing up of gains and losses, and the undue cost or effort exemption did not apply. Entities should ensure their risk management documentation clearly identifies the risk each economic hedge is managing.

- **Reassessment of Control (IFRS 10 *Consolidated Financial Statements)***
  September 2026 IFRIC, confirmed by the IASB in October 2026
  IFRIC was asked whether an entity needed to reassess control of an investee when the investee's governing document was updated. IFRIC concluded that there was little diversity in practice and it did not have widespread implications. However, it did note that the entity would need to reassess whether they controlled the investee in this situation.

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