

IFRS UPDATE • 2026

What Changes in IFRS, and When



What We Will Cover Today: Key changes – Implications – documentation

FOUR THINGS YOU WILL BE ABLE TO DO



Know what applies to which year end

Effective dates, and what a June 30 year end means



Spot the clients affected

Foreign currency, electronic payments, ESG loans, power contracts



Explain IFRS 19 to a subsidiary client

Same accounting, fewer disclosures, if eligible



Adjust our audit work

Planning questions, disclosures, checklists

ROADMAP

01**The big picture****02****In force now: 2025–2026****03****Coming in 2027 and later****04****What it means for our audits****05****Test yourself & takeaways**

COLOUR CODE Blue box = what the rule says. Red box = the trap. Teal box = the question to ask.

The Timeline at a Glance

EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER...

1

Jan 1, 2025

IAS 21: lack of exchangeability

2

Jan 1, 2026

IFRS 9 / IFRS 7: classification and measurement; power purchase agreements; annual improvements

3

Jan 1, 2027

IFRS 19 (optional); IAS 21: hyperinflationary presentation currency

4

Jan 1, 2029

IFRS 20: regulatory assets and liabilities



THE RULE A change applies to the first annual period that begins on or after its effective date.

THE TRAP A June 30 year end first applies the 2026 changes in the year ending June 30, 2027 — not in 2026.

QUESTION: One of your clients has a September 30 year end. Which year end first applies the IFRS 9 amendments?

Which of Our Clients Does It Affect?

Change	From	Typical client affected	Impact
IAS 21 — lack of exchangeability	2025	Operations in countries with currency controls (e.g., exploration subsidiaries)	Low, but high where it applies
IFRS 9 — electronic payments	2026	Any client paying suppliers by EFT around year end	Low: a policy choice
IFRS 9 — loans with ESG features	2026	Lenders; borrowers holding such assets	Low for most
IFRS 7 — new disclosures	2026	Equity investments at FVOCI; instruments with contingent features	Medium
Power purchase agreements	2026	Buyers or sellers of wind or solar power under long-term contracts	Medium where relevant
IFRS 19 — reduced disclosures	2027	Subsidiaries of IFRS groups without public accountability	Optional

IAS 21: When a Currency Cannot Be Exchanged

What does “exchangeable” mean?

A currency is exchangeable into another currency when the entity can obtain the other currency:

- For a specified purpose, such as paying a supplier or repaying a loan.
- In more than an insignificant amount.
- Within a normal administrative period.
- Through a market or exchange mechanism that creates enforceable legal rights and obligations.

The assessment is based on the entity’s **ability** to obtain the currency, not whether management actually intends to exchange it



THE RULE If a currency is **not exchangeable**, **estimate** the spot rate that reflects prevailing economic conditions, and **disclose** it. *IAS 21 (2025 amendments)*

A company in Country A needs **US\$1 million** to pay a supplier.

- If the company can legally purchase **US\$1 million** through a bank or authorized exchange market, the local currency is exchangeable into US dollars.
- If the company is allowed to purchase only US\$100, or must wait several years with no reasonable assurance of receiving the dollars, the currency may not be exchangeable for that purpose.
- An unofficial street-market rate does not automatically qualify if transactions in that market do not create enforceable rights and obligations.

THREE QUESTIONS TO ASK

- ✓ Can we get the currency within a normal delay?
- ✓ Is there an **exchange mechanism** that creates enforceable rights?
- ✓ If not, **which rate**, and how is it disclosed?

Venezuela has been specifically identified in IAS 21 project materials, while **Argentina**, **Lebanon**, **Sudan**, **Malawi** and **Mozambique** were cited as examples in comment letters to the IASB.



IFRS 9: Paying Suppliers by Electronic Transfer

Previous accounting

Normally, a company removes a payable only when the liability is **actually settled**.

Example

A company owes a supplier **\$10,000**.

- December 30: The company initiates an online bank transfer.
- December 31: The money leaves the company's account.
- January 2: The supplier receives the money.

Under the normal rule, the payable generally remains recorded until the **settlement date**, when the supplier receives the cash.

Before this amendment, companies generally could not remove the payable merely because they had pressed "**send**" or because the money had left their bank account.

New accounting option

The amendment introduces an **accounting policy choice**. A company may remove the payable when it initiates the electronic payment, before the settlement date, but only if all required conditions are satisfied.

The company must have:

- No practical ability to withdraw, stop or cancel the payment instruction.
- No practical ability to access or use the cash being transferred.
- An electronic payment system with insignificant settlement risk.
- A short period between initiating the payment and delivering the cash to the supplier.



IFRS 9: Paying Suppliers by Electronic Transfer

EXAMPLE — \$250,000 PAID BY EFT: INSTRUCTION DEC 30, CASH LEAVES JAN 2

At December 31	General rule (settlement date)	Option elected (instruction date)
Accounts payable	250,000 still owed	0 — liability removed Dec 30
Cash	250,000 still in the bank	250,000 lower
Conditions	—	Cannot stop the payment; no access to the cash; settlement risk insignificant
Disclosure	—	Accounting policy, applied to all payments through the same system



THE RULE Remove a liability on the settlement date, unless the electronic payment option is elected and its conditions are met. *IFRS 9 (2026 amendments)*

Date	Event	Normal approach	If amendment election applies
December 30	Payment instruction initiated	Payable remains \$10,000	Payable may be removed
December 31	Cash leaves company’s bank	Payable remains recorded	Payable remains removed
January 2	Supplier receives cash	Payable is removed	No additional entry required

IFRS 9 and IFRS 7: Loans with ESG Features, New Disclosures

This amendment explains how to account for loans linked to **environmental, social and governance (ESG) targets**.

Simple example

- A company borrows \$10 million.
- Normal interest rate: 6%.
- If the company reduces carbon emissions, the rate falls to 5.75%.
- If it misses the target, the rate rises to 6.25%.

IFRS 9

The lender must check whether the ESG condition still represents a normal lending arrangement.

- If the interest adjustment is reasonable, the loan may still be measured at **amortised cost**.
- If the adjustment is connected to sales, profits, shares or another unusual measure, the loan may fail the **SPPI test** and be measured at **fair value**.

IFRS 7

Companies must disclose:

- The ESG target.
- How the interest or repayment amount may change.
- The possible financial impact.
- The amount of the loan affected.

IFRS 9 and IFRS 7: Loans with ESG Features, New Disclosures

EXAMPLE — \$5,000,000 LOAN AT 6.0%; RATE FALLS TO 5.9% IF AN EMISSIONS TARGET IS MET

Question	Answer for this loan
What changes if the target is met?	Interest falls by 0.10%: \$5,000 a year
Cash flows still principal and interest in every scenario?	Yes
Significantly different from the same loan without the feature?	No
Measurement	Amortised cost remains possible

NEW IFRS 7 DISCLOSURES

- ✓ **Contingent features:** description and possible effect on cash flows
- ✓ **FVOCI equity:** gains and losses split, sold vs still held



THE RULE Classification depends on the contractual cash flows in every scenario, not on the label “green” or “sustainability-linked”. *IFRS 9 (2026 amendments)*

THE TRAP Concluding “amortised cost” without documenting the cash flow test for the feature.

Power Purchase Agreements for Wind and Solar

EXAMPLE — 10-YEAR SOLAR PPA, 20 GWH A YEAR; 1.5 GWH SOLD BACK ON LOW-DEMAND DAYS

Question	Before the amendments	With the amendments (2026)
Does selling back 1.5 GWh break “own use”?	Risk: the contract could become a derivative at fair value	Not if the company is a net purchaser over the contract
Virtual PPA, settled in cash only	Hedge accounting difficult	Can be designated as a hedge of variable volumes
Disclosures	General IFRS 7	Specific information on these contracts



THE RULE Own-use treatment is kept when the entity has been, and expects to be, a net purchaser of electricity over the contract period. *IFRS 9 (2026 amendments)*

ASK THE ROOM Alberta’s power market has many corporate PPAs. Which of our clients has signed one?

IFRS 19: Same Accounting, Fewer Disclosures

THREE CONDITIONS — ALL MUST BE MET

- ✓ **A subsidiary:** it is controlled by a parent
- ✓ **No public accountability:** no traded debt or equity; not holding assets for a broad group of outsiders (bank, insurer, fund)
- ✓ **Parent publishes IFRS consolidated statements:** ultimate or intermediate parent, available for public use

IFRS 19 helps eligible private subsidiaries reduce the cost and complexity of preparing IFRS financial statements by using shorter disclosures while keeping the same IFRS accounting measurements

RECOGNITION AND MEASUREMENT

Unchanged

DISCLOSURES

Reduced

Simple example

A small Canadian subsidiary is owned by a large parent company.

- The parent prepares full IFRS financial statements.
- The subsidiary is not listed on a stock exchange.
- The subsidiary does not hold money for the public.
- The subsidiary may choose IFRS 19 and provide fewer detailed notes.

Issued, Not Yet Effective: 2027 and Beyond

Pronouncement	Effective	In plain words	Who
IFRS 19 — subsidiaries without public accountability	2027	Optional reduced disclosures; accounting unchanged	Eligible subsidiaries
IAS 21 — hyperinflationary presentation currency	2027	How to translate into a presentation currency that is hyperinflationary	Rare
IAS 28 — fair value option (June 2026)	With IFRS 18	Which investors may measure associates at fair value	Funds, venture capital
IFRS 20 — regulatory assets and liabilities (May 2026)	2029	Timing differences created by rate regulation recognized as assets and liabilities	Regulated utilities

 **THE RULE** Disclose standards issued but not yet effective, and known or reasonably estimable information on their possible impact in the period of initial application. *IAS 8.30–31*

On the Radar: Projects Not Yet Final



Equity method (IAS 28)

How to apply the equity method in practice: changes in ownership, losses, transactions with associates



Goodwill and impairment (IFRS 3, IAS 36)

More information on acquisitions; a simpler impairment test



Provisions (IAS 37)

When a present obligation exists; which discount rate



Instruments with debt and equity features (IAS 32)

Classification of convertibles, derivatives on own shares



Leases: post-implementation review (IFRS 16)

Whether targeted changes are needed

What It Means for Our Audits

FIVE ACTIONS

- ✓ **Planning:** list the changes that apply to the client and year end
- ✓ **Inquiry:** EFT policy, ESG loans, PPAs, foreign currency controls
- ✓ **Transition:** check disclosures in the year of adoption (IAS 8.28)
- ✓ **New standards note:** updated, specific, with an impact assessment
- ✓ **Checklists and templates:** current version of the disclosure checklist

MODEL NOTE — ISSUED, NOT YET EFFECTIVE

IFRS 19, effective January 1, 2027, permits eligible subsidiaries to apply reduced disclosures. The Company is not eligible because it has publicly traded shares. The amendments to IAS 21 on hyperinflationary presentation currencies, effective January 1, 2027, are not expected to affect the Company, which has no operations in hyperinflationary economies.

THE TRAP A new standards note copied from last year, still listing standards already in force, and saying “no impact” without any assessment.

Review Points: What We See vs What Good Looks Like

What we see in files	What good looks like
New standards note copied from last year	Updated list; standards now in force removed
“No impact expected”, no work behind it	A short documented assessment per change
EFT option applied without a policy disclosure	Policy disclosed and applied to the whole payment system
Green loan at amortised cost, no cash flow test	Contingent feature analysed and documented
IFRS 19 applied without checking eligibility	Three conditions checked each year
Effective date applied to the calendar year	First period beginning on or after the date

ASK THE ROOM Which of these would a reviewer find on your current IFRS file?

Five Things to Remember

FOR EVERY IFRS FILE

- ✓ Changes listed for the client's year end at planning
- ✓ EFT option: elected or not, and disclosed
- ✓ Loans with contingent features analysed
- ✓ PPAs and foreign currency controls asked about
- ✓ IFRS 19 eligibility checked where relevant
- ✓ New standards note updated and assessed
- ✓ Current disclosure checklist used

FIVE THINGS TO REMEMBER

- Effective dates follow the year that begins, not the calendar
- Most 2026 changes are narrow: identify, assess, document
- EFT: settlement date by default; option only if conditions met
- IFRS 19 changes disclosures, never the accounting
- “No impact” needs an assessment behind it

NEXT IFRS 18 — presentation and disclosure: separate session.

Where to Use these Amendments

Section	Where to use
Audit Plan	For communication to Audit committee
Planning	Kick off call – Risk assessment, Impact on audit and FSLI
Audit execution	Audit section Cash, Loans, Financial instruments, Liabilities etc.
Reporting	Audit committee report (ACR)

THANK YOU!!!

SPPI Test



IFRS 9 issue: SPPI test

Under IFRS 9, a financial asset can generally be measured at amortised cost only when:

- The asset is held in a business model to collect contractual cash flows; and
- The contractual cash flows are solely payments of **principal and interest**, known as the **SPPI test**.

New assessment approach

For an ESG-linked loan, the lender considers whether the contractual cash flows are still consistent with a basic lending arrangement.

The loan may pass the SPPI test if:

- The ESG feature is included in the contractual terms.
- The adjustment compensates the lender for the basic lending arrangement.
- The resulting cash flows are not significantly different from those of an identical loan without the ESG feature.
- The ESG adjustment is not effectively a payment for exposure to shares, commodities, revenue or profits.; and
- The contractual cash flows are **solely** payments of **principal and interest**, known as the SPPI test.

Annual Improvements, Volume 11: The Housekeeping

Standard	What changed, in plain words	Who should check
IFRS 1	Hedge accounting for first-time adopters aligned with IFRS 9	First-time adopters
IFRS 7	Wording on derecognition gains and losses; guidance examples updated	All
IFRS 9	Lessee: extinguished lease liability — gain or loss in profit or loss; “transaction price” wording aligned with IFRS 15	Lessees with forgiven or reduced rent
IFRS 10	“De facto agent”: judgment, not a presumption	Groups with related-party structures
IAS 7	Obsolete term “cost method” removed	None in practice

ASK THE ROOM A landlord forgives three months of rent on a lease. Under the clarified rule, where does the gain go?