# Beyond the GAAP

Forvis Mazars’ monthly newsletter on financial and sustainability reporting

## Contents





The drafting of the present issue was completed on 3 June 2025.

## Editorial

**As we approach the half-yearly closing of accounts for 2025, Beyond the GAAP presents our traditional overview of the standards and interpretations published by the IASB, indicating where they are in the EU endorsement process. We highlight those texts that are now mandatory and those for which early application is permitted at this closing date.**

This closing is likely to be a tense time, not because of the new mandatory texts (the amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates* on lack of exchangeability are limited in scope), but because of the unstable global macroeconomic environment and the resulting uncertainties. The United States' new tariff policy, which has involved a rapid succession of decisions and U-turns, combines with ongoing risks such as the war in Ukraine, geopolitical tensions, supply chain disruptions, inflation and high interest rates, to cause an unusually high level of uncertainty.

# IFRS Highlights

## Post-implementation Review of IFRS 16 – RFI to be published imminently

At its May 2025 meeting, the International Accounting Standards Board (IASB) approved the publication for public comment of the Request for Information (RFI) on the Post-implementation Review of IFRS 16 – *Leases*. It also set a 120-day comment period for the RFI.

The RFI has been published in June 2025.

## IASB sets objectives and direction for intangible assets project

At its May 2025 meeting, the IASB discussed the objectives and direction of its intangible assets project. The project was added to the IASB's work plan following the third public consultation on the work plan for 2022-2026.

### Project objectives

The IASB decided that the project objectives would be as follows:

- to improve the usefulness of information that entities provide on intangible assets in their financial statements; and
- to update IAS 38 – *Intangible Assets*, particularly with a view to making it more suitable for new types of intangible assets and new ways of using them.

### Project direction

At the May 2025 meeting, the IASB also clarified the project direction, identified priority topics and decided the project workflow.

It decided to begin by exploring two streams in parallel, namely:

- assessing users' information needs regarding recognised and unrecognised intangible assets and associated expenditure in the financial statements; and
- considering whether to update the definition of an intangible asset, the associated guidance and some aspects of the criteria for recognising intangible assets, by:
    - initially using, as test cases, practical application issues relating to new types of intangible assets and new ways of using them; and then
    - examining the effects of any potential change on the whole population of intangible assets.

Once sufficient progress has been made on this preliminary work, the IASB decided that it will then explore:

- the accounting treatment of intangible assets held for investment, based on their expected use or the purpose of holding the assets, and using test cases that could include, for example, carbon credits and cryptocurrencies;
- the recognition requirements in IAS 38; and

- ways of improving the disclosure requirements relating to recognised and unrecognised intangible assets and associated expenditure.

Once sufficient progress has been made on this second stage, the IASB decided that it will then be necessary to decide whether to explore topics related to improving:

- the comparability of information on acquired and internally generated intangible assets; and
- the usefulness of information on intangible assets acquired in a business combination.

At the same meeting, the IASB tentatively decided:

- to explore the measurement of intangible assets and how to improve it in the context of broader topics, rather than as an individual, separate topic;
- to consider whether to explore presenting a broader range of intangible assets in the financial statements; and
- not to explore the accounting treatment of intangible assets covered by other standards, or the consistency of labels for intangible assets.

The IASB will discuss the project plan at future meetings.

## IASB redeliberates proposed amendments to IAS 21

At its May 2025 meeting, the IASB discussed feedback received on its Exposure Draft *Translation to a Hyperinflationary Presentation Currency.* The discussions focused on the project direction, the proposed translation method, the disclosure requirements and the applicable rules when an economy ceases to be hyperinflationary.

### Project direction

The IASB tentatively decided not to include the topic in a broader project on hyperinflation.

### Proposed translation method

The IASB tentatively decided that an entity should translate the amounts subject to translation, including those for comparative periods, using the closing rate at the date of the most recent statement of financial position, if:

- the entity's functional currency is the currency of a non-hyperinflationary economy, and the entity presents its financial statements in the currency of a hyperinflationary economy; or
- the entity's presentation currency is the currency of a hyperinflationary economy, and the entity translates the results and financial position of a foreign operation whose functional currency is the currency of a non-hyperinflationary economy.

The IASB also tentatively decided to introduce an exception for entities falling into the second category if they have a hyperinflationary functional currency and apply IAS 29 – *Financial Reporting in Hyperinflationary Economies.* These entities should restate comparative information for a foreign operation using the same general price index as they apply to other amounts, in accordance with IAS 29.

### Disclosure requirements and other aspects of the project

The IASB tentatively decided that:

- an entity using the proposed translation method would be required to disclose that:
    - all the amounts in its financial statements, or the results and financial position of its foreign operations, have been translated at the closing rate at the date of the most recent statement of financial position; and
    - its presentation currency has ceased to be the currency of a hyperinflationary economy (if applicable);
- an entity would be required to provide summarised financial information about the foreign operations to which this translation method has been applied;
- an entity that applies the exception above would be required to label the summarised financial information about its foreign operations in order to make clear that this information has been prepared by applying the same general price index as that applied to other amounts; and
- an entity whose presentation currency ceases to be hyperinflationary would be required to apply paragraph 39 of IAS 21 – *The Effects of Changes in Foreign Exchange Rates* prospectively to amounts resulting from transactions after the end of the previous reporting period.

At future meetings, the IASB will consider the disclosure requirements for subsidiaries that apply IFRS 19 – *Subsidiaries without Public Accountability:*

*Disclosures*, as well as the transition requirements and effective date for the amendments discussed.

## 12th compilation of IFRS IC agenda decisions published

The 12th Compilation of Agenda Decisions taken by the IFRS Interpretations Committee (IFRS IC) between November 2024 and April 2025 has been published.

The decisions presented in this compilation relate to the following topics:

- classification of cash flows (IAS 7) related to margin calls on 'collateralised-to-market' contracts[1];
- guarantees issued on obligations of other entities[2];
- recognition of revenue (IFRS 15) from tuition fees[2]; and
- recognition of intangible assets (IAS 38) from climate-related expenditure[2].

## IFRS Foundation announces annual conference

The IFRS Foundation has announced the date and programme for its next annual conference. It will take place in London on 23 and 24 June 2025, and delegates may attend either virtually or in person.

More information on the event can be found on the conference website.

## Educational material on going concern requirements and disclosures

On 13 May 2025, the IFRS Foundation published an updated version of its educational material "Going concern – A focus on disclosure", which was originally published in January 2021[3].

The Foundation's aims in publishing this update were as follows:

- to include updated references to the going concern requirements in IFRS Accounting Standards. When the IASB published IFRS 18 – *Presentation and Disclosure in Financial Statements*, the requirements relating to an entity's assessment of its ability to continue operating as a going concern were transferred unchanged from IAS 1 – *Presentation of Financial Statements* to IAS 8, which was retitled *Basis of Preparation of Financial Statements*;
- to remove outdated references to the International Auditing and Assurance Standards Board (IAASB) and its going concern project, and to replace them with references to ISA 570 (Revised 2024) – *Going Concern*; and
- to remove references to the Covid-19 pandemic and the difficult economic environment associated with it.

The updated version of the educational material on going concern requirements is available here.

## ISSB Guidance on Greenhouse Gas disclosures under IFRS S2

The ISSB has published guidance on Greenhouse Gas Emissions disclosure requirements when applying IFRS S2 Climate-related disclosures. The guidance is set out as a series of questions and answers intended to aid the understanding of GHG emissions disclosure requirements including information about absolute gross emissions and GHG emissions targets.

[1] see Beyond the GAAP no. 195, 2025
[2] see Beyond the GAAP no. 198, 2025
[3] see Beyond the GAAP no. 151, 2021

# European Highlights

## EC adopts amendments to IFRS 9 and IFRS 7 on the classification and measurement of financial instruments

On 27 May 2025, the European Commission (EC) adopted *Amendments to the Classification and Measurement of Financial Instruments*, which amend IFRS 9 – *Financial Instruments* and IFRS 7 – *Financial Instruments: Disclosures*.

Readers will remember[4] that these amendments, which were published by the IASB in May 2024:

- clarify the classification of financial assets with ESG[5] and similar features, instruments with non-recourse features, and contractually linked instruments, and specify how the SPPI test should be carried out in these cases;
- specify that financial liabilities shall be derecognised on the settlement date, while offering preparers a choice of accounting policy for derecognising financial liabilities settled using an electronic payment system before this date; and
- introduce additional disclosures to be presented under IFRS 7 on equity instruments measured at fair value through other comprehensive income and on financial instruments with contingent features.

The amendments:

- are mandatory for financial periods commencing on or after 1 January 2026, with the option of early application, either in full or only for the amendments on the classification of financial assets; and
- shall be applied retrospectively, though restatement of comparative data is not mandatory.

The adoption regulation (EU) 2025/1047, which was published in the Official Journal of the European Union (OJEU) on 28 May 2025, enters into force on the 20th day following its publication. It is available here in all European Union languages.

## New composition for EFRAG SRB

On 12 May 2025, EFRAG confirmed the composition of its Sustainability Reporting Board (EFRAG SRB), with effect from 1 March 2025.

The composition of the EFRAG SRB remains largely unchanged, except for the representation of the user sector, where Susana Peñarrubia succeeds Alexander Bassen.

The EFRAG SRB is chaired by Patrick de Cambourg and is responsible for all EFRAG's positions on sustainability development reporting, including technical advice to the European Commission on draft EU Sustainability Reporting Standards and amendments to those standards.

EFRAG's press release and the full list of EFRAG SRB members are available here and here respectively.

[4] For more details on these amendments, see our special feature in Beyond the GAAP no. 189, 2024

[5] ESG: Environmental, social and governance

## Standards and interpretations applicable as of 30 June 2025

**Now that interim final reports are being finalised for 30 June 2025, Beyond the GAAP presents an overview of the IASB's most recent publications.**

For each text, we clarify whether it is mandatory for this closing of accounts, or whether early application is permitted, based on the EU endorsement status report (position as at 30 May 2025, available **here**).

As a reminder, the following principles govern the first application of the IASB's standards and interpretations:

1. The IASB's draft standards cannot be applied as they do not form part of the published standards;
2. The IFRS IC's draft interpretations may be applied if the two following conditions are met:
    a. the draft does not conflict with currently applicable IFRS Accounting Standards; and
    b. the draft does not modify an existing interpretation which is currently mandatory.
3. Standards published by the IASB but not yet endorsed by the European Union as of 30 June 2025 may be applied if the European endorsement process is completed before the date when the interim financial statements are authorised for issue by the relevant authority (i.e. usually the board of directors); and
4. IFRS IC's Interpretations published by the IASB but not yet endorsed by the European Union at the date when the interim financial statements are authorised for issue may be applied unless they are in conflict with standards or interpretations currently applicable in Europe.

Remember that in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, the notes of an entity applying IFRS Accounting Standards must include the list of standards and interpretations published by the IASB but not yet effective that have not been early applied by the entity. In addition to this list, the entity must provide an estimate of the impact of the application of those standards and interpretations.

Regarding minor amendments and interpretations, it seems relevant to limit such list to only those amendments and/or interpretations which are likely to apply to the entity's activities.

It should also be noted that under IAS 34 – *Interim Financial Reporting*, the changes in accounting policies required by new standards must also be disclosed in the interim financial reporting published in the course of the year.

| Standard | Subject | Effective date according to the IASB | Date of publication in the OJUE | Application status at 30 June 2025 |
|---|---|---|---|---|
| IFRS 14 | Regulatory Deferral Accounts (issued on 30 January 2014) | 1 January 2016<br>Early application permitted | No endorsement<br>(The EC has decided not to launch the endorsement process of this interim standard) | Not permitted |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014) and effective date (issued on 17 December 2015) | Postponed<br>Early application permitted | Deferred | Permitted[6] |
| Amendments to IAS 21 | Lack of Exchangeability (issued on 15 August 2023) | 1 January 2025<br>Early application permitted | 13 November 2024 | Mandatory |
| Amendments to IFRS 9 and IFRS 7 | Classification and Measurement of Financial Instruments (issued on 30 May 2024) | 1 January 2026<br>Early application permitted (apply all the amendments or only the amendments to classification) | 28 May 2025 | Permitted |

[6] If the entity had not developed an accounting policy.

| Standard | Subject | Effective date according to the IASB | Date of publication in the OJUE | Application status at 30 June 2025 |
|---|---|---|---|---|
| Annual Improvements Volume 11 | Amendment to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<br><br>(issued on 18 July 2024) | 1 January 2026<br><br>Early application permitted | Awaiting endorsement by the EU<br><br>(date not yet announced) | Permitted[7] |
| Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent (issued on 18 December 2024) | 1 January 2026<br><br>Early application permitted | Awaiting endorsement by the EU<br><br>(date not yet announced) | Permitted[7] |
| IFRS 18 | Presentation and Disclosure in Financial Statements (issued on 9 April 2024) | 1 January 2027<br><br>Early application permitted | Awaiting endorsement by the EU<br><br>(date not yet announced) | Not permitted |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024) | 1 January 2027<br><br>Early application permitted, subject to jurisdictional endorsement | Awaiting endorsement by the EU<br><br>(date not yet announced) | Not permitted |

[7] If the amendment is endorsed by the EU before the date when the financial statements are authorised for issue.

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