

**International Financial  
Reporting Standards (IFRS)**

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# International Financial Reporting Standards (IFRS)

## IASB sets out accounting requirements for when a currency is not exchangeable

[Announcement dated 15<sup>th</sup> August 2023](#)

The International Accounting Standards Board (IASB) has issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* that will require companies to provide more useful information in their financial statements (FSs) when a currency cannot be exchanged into another currency.

The amendments respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies. The amendments will help companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates.

These amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged for another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

The amendments will become effective for annual reporting periods beginning on or after 1<sup>st</sup> January 2025. Early application is permitted.

## IASB proposes annual improvements to IFRS Accounting Standards

[Announcement dated 12<sup>th</sup> September 2023](#)

The IASB has published [proposed narrow-scope amendments to IFRS Accounting Standards](#) and accompanying guidance as part of its periodic maintenance of the Accounting Standards.

The proposed amendments include clarifications, simplifications, corrections or changes to improve consistency in the IFRS/International Accounting Standard (IAS).

Given below is the list of Accounting Standards and accompanying guidance that would be affected by the proposed amendments:

Accounting Standard	Subject of proposed amendments
IFRS 1 <i>First-time Adoption of IFRS</i>	Hedge accounting by a first-time adopter-
IFRS 7 <i>Financial Instruments: Disclosures</i>	Gain or loss on derecognition
Guidance on implementing IFRS 7 <i>Financial Instruments: Disclosures</i>	▲ Introduction ▲ Disclosure of deferred difference between fair value and transaction price ▲ Credit risk disclosures
IFRS 9 <i>Financial Instruments</i>	▲ Derecognition of lease liabilities ▲ Transaction price
IFRS 10 <i>Consolidated Financial Statements</i>	Determination of a 'de facto agent'
IAS 7 <i>Statement of Cash Flows</i>	Cost method

## IASB amends the IFRS for SMEs Accounting Standard related to international tax reform

[Announcement dated 29<sup>th</sup> September 2023](#)

The IASB has issued amendments to the IFRS for SMEs Accounting Standard—the Standard for companies that do not have public accountability.

The amendments to the IFRS for SMEs Accounting Standard are based on the amendments to [IAS 12 Income Taxes issued in May 2023](#). These amendments have resulted from the introduction of the Organisation for Economic Co-operation and Development's (OECD) [Pillar Two model rules](#). This out-of-cycle amendment follows urgent calls from affected stakeholders.

The amendments:

- provide a temporary relief from accounting for deferred taxes arising from the implementation of the Pillar Two model rules; and

- clarify that the Standard requires companies that apply the Standard to disclose information that enables users of their FSs to evaluate the nature and financial effect of income tax consequences of the Pillar Two legislation.

Companies can benefit from the temporary exception in this amendment immediately. They are required to provide the disclosures set out in the amendments for annual reporting periods beginning on or after 1<sup>st</sup> January 2023.



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