

IFRS Accounting Standards Quarterly Navigator:

Your Financial Reporting Roadmap

Quarter 4 2024



Introduction

IFRS Quarterly Navigator is your quarterly update on issues relating to International Financial Reporting Standards (IFRS) Accounting Standards. We'll bring you up to speed on topical issues and all recent developments, provide comments and give our perspective on relevant topics.

We are pleased to welcome you to this IFRS-related news edition by Grant Thornton Greece, your quarterly update on issues related to International Financial Reporting Standards (IFRS) Accounting Standards.

The main objective of this edition is to keep you informed about the recent news and advancements in the field of IFRS Accounting Standards.

Our aim is to provide you with relevant support, useful information, and an understanding of the potential impact these developments may have on your business, by bringing to you the most relevant and up-to-date information and keeping you at the forefront of the ever-evolving world of financial reporting.

From significant standard updates and IASB proposed amendments to thought-provoking articles, our team of experts has crafted this edition to address your informational needs.

This edition includes:

- **Latest IFRS updates**
 - Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
- **Technical Insights**
 - Hyperinflation Economies Update as of December 31, 2024
- **IASB proposed amendments**
 - Provisions-Targeted Improvement to IAS 37
- **Grant Thornton International's Thought Leadership**
 - Get ready for IFRS 18
 - Insights into IFRS 2: Basic principles of share-based payment arrangements with employees
 - Insights into IFRS 2: Equity-settled share-based payment arrangements with employees



We also invite you to actively engage with us by sharing your thoughts, questions, or suggestions. Your input is invaluable in shaping the content of future editions.

We hope that you find our IFRS Quarterly Navigator edition enlightening and a valuable resource for your professional journey, and should you wish to discuss any of the topics covered, please feel free to contact us.

Contents

01	Latest IFRS updates	4
	Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature - dependent Electricity	5
02	Technical Insights	8
	Hyperinflation Economies Update as of December 31, 2024	9
03	IASB proposed amendments	13
	Exposure Draft: Proposed-Targeted Improvements to IAS 37	14
04	Grant Thornton International Ltd's Thought Leadership	15
	Get ready for IFRS 18	16
	Insights into IFRS 2: Two (2) new articles released	16

01 Latest IFRS updates

This section presents IASB new amendments which have been published in the period from October 2024 until December 2024.

Latest IFRS updates



Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature - dependent Electricity

Executive summary

The International Accounting Standards Board (IASB) has issued some amendments to IFRS 9 “Financial Instruments” and to IFRS 7 “Financial Instruments: Disclosures” to help entities apply these standards to contracts for renewable energy. The amendments also include changes to IFRS 19 “Subsidiaries without Public Accountability: Disclosures” to reflect the amendments to IFRS 7.

Background

Contracts that reference nature-dependent electricity production, also known as power purchase agreements (PPAs), are contracts to buy and take delivery of electricity that is produced from nature-dependent sources. As generation of renewable energy has increased, so has the number of PPAs.

The IFRS Interpretations Committee (IFRIC) received requests for clarification on how IFRS 9 should be applied to these contracts, and following stakeholder feedback the IASB decided to add a narrow-scope standard-setting project to its work plan to address these issues.

The amendments

Amendments to IFRS 9

The amendments include detail on which PPA contracts can be used in hedge accounting, and the specific conditions allowed in such hedge relationships.

The amendments specifically target the use of PPAs as designated hedging instruments in qualifying hedge relationships. The amendments specify that for such a hedging relationship, the hedged item may be designated as a variable nominal amount of forecast electricity transactions, which is aligned with the variable amount of electricity that is expected to be delivered under a PPA designated as the hedging instrument.

In the application guidance, the amendments set out that some PPA contracts will expose entities to volume risk, the risk that they may have to buy electricity during a window in which they cannot use the electricity or sell electricity that it cannot use within a specified period of time. The amendments clarify that these features are not necessarily inconsistent with a contract held in accordance with the entity’s expected usage requirements. The entity needs to determine in these situations whether or not they are still a net purchaser of electricity, and in making this determination they need to consider all reasonable and supportable information about past, present and future electricity transactions.

All of the existing hedge accounting requirements included in IFRS 9 still apply.

Latest IFRS updates



Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature - dependent Electricity

Amendments to IFRS 7

The amendments introduce new disclosure requirements for contracts referencing nature-dependent electricity as defined in the amendments to IFRS 9.

For such contracts, an entity is now required to disclose the following:

- Information about contractual features that expose the entity to variability in the underlying amount of electricity, and the risk that the entity may be required to purchase electricity when they are unable to use it,
- Information about unrecognised commitments from such contracts at the reporting date including estimated future cash flows and a qualitative assessment of whether a contract may become onerous, and
- Qualitative settlement and quantitative information about the effects of these contracts on the entity's financial performance for the reporting period. This includes information on the costs of purchasing electricity under the contract and how much was unused, the proceeds from the sale of unused electricity and the cost of any purchases of electricity made to offset sales of unused electricity.

IFRS 19 is also amended to include these requirements, so there will be no relief for entities applying IFRS 19 for these contracts.



Latest IFRS updates



Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature - dependent Electricity

Effective date

The amendments are effective for periods starting on or after 1 January 2026, with early application permitted. The amendments to IFRS 7 must be applied at the same time as the amendments to IFRS 9.

The requirements related to identifying in-scope PPAs must be applied retrospectively in accordance with IAS 8 using facts and circumstances at the date of initial application of the amendments. The amendments related to designated hedging relationships should be applied prospectively to new hedging relationships designated on or after the date of initial application.

Grant Thornton International Ltd's thoughts

We welcome these amendments from the IASB. PPA contracts are increasing in frequency, and we expect these to become increasingly used as demand for renewable energy increases in the coming years. The amendments will be helpful in bringing more consistency to accounting for these contracts.

Due to their narrow scope we do not expect that these amendments will impact a significant number of entities. They will primarily be relevant to larger entities with well-developed finance and risk teams who are familiar with the hedge accounting requirements set out in IFRS 9.

02 Technical Insights

This section presents an hyperinflation update according to the World Economic Outlook (WEO) report issued by IMF in October 2024.

Also see [IFRS Alerts - Grant Thornton insights](#)

Technical Insights

Hyperinflation Economies Update as of December 31, 2024

According to data in the World Economic Outlook (WEO) report issued by the International Monetary Fund (IMF) in October 2024, and based on economic conditions that currently exist, certain countries are now considered to be hyperinflationary from 31 December 2024. Therefore, reporting entities in those countries will be required to apply IAS 29 “Financial Reporting in Hyperinflationary Economies”. Consequently, any entities with interim or annual financial reporting requirements at 31 December 2024 or thereafter should reflect IAS 29 in their IFRS financial statements.

From 31 December 2024 onwards there are fifteen countries around the world where IAS 29 should be applied, when entities want to state they are in full compliance with IFRS. These countries are: Argentina, Ethiopia, Ghana, Haiti, Iran, Laos, Lebanon, Malawi, Sierra Leone, South Sudan, Suriname, Turkey, Venezuela, Yemen and Zimbabwe.

Additional considerations were made to determine if South Sudan and Ghana are still hyperinflationary. For the time being, they remain hyperinflationary but we will be keeping a close eye on further inflation data from these countries.

Egypt and Nigeria were also assessed due to high inflation numbers for the preceding three-year period. However, in both cases certain qualitative factors were considered and for now neither is considered to be hyperinflationary. A close eye should be kept on further inflation data from both of these countries.

Recapping the requirements of IAS 29

IAS 29 lists factors that indicate when an economy is hyperinflationary. One of the indicators of hyperinflation is if cumulative inflation over a three-year period approaches, or is in excess of 100 per cent.



Technical Insights

Hyperinflation Economies Update as of December 31, 2024

The mechanics of restatement

IAS 29 requires amounts in the statement of financial position that are not already expressed in terms of the measuring unit current at the end of the reporting period, are restated by applying a general price index. In summary:

- Assets and liabilities linked by agreement to changes in prices, such as index linked bonds and loans, are adjusted in accordance with the agreement
- Non-monetary items carried at current amounts at the end of the reporting period (such as net realisable value and fair value) are not restated
- All other non-monetary assets and liabilities are restated
- Monetary items (ie money held and items to be received or paid in money) are not restated because they are already expressed in terms of the monetary unit currency at the end of the reporting period, and
- All items in the statement of comprehensive income should be expressed using the measuring unit current at the end of the reporting period, so all amounts need to be restated from the dates when the items of income and expenditure were originally recorded in the financial statements.



Technical Insights

Hyperinflation Economies Update as of December 31, 2024

Other important factors that should be taken into consideration when applying IAS 29

IAS 29 sets out specific requirements on how to restate prior period comparatives. It requires corresponding figures for the previous reporting period to be restated by applying a general price index so that the comparative financial statements are presented in terms of the measuring unit current at the end of the reporting period.

IAS 29 may result in the creation of additional temporary differences under IAS 12 “Income Taxes”. This is because the restatement of items under IAS 29 will often lead to adjustments to the carrying amounts of items without corresponding changes to their tax bases. Be mindful that IAS 12 requires these adjustments to be recognised in profit or loss.

Impairment testing should also not be overlooked. IAS 29 requires any restated non-monetary items to be reduced when it exceeds its recoverable amount, even if those assets were not previously considered impaired under historical cost accounting. It will be important when preparing financial statements to consider whether the restatement of asset carrying values affects the results of impairment tests that were conducted in previous reporting periods, and whether there are any indicators of impairment for assets that were not tested for impairment in previous periods.



Technical Insights

Hyperinflation Economies Update as of December 31, 2024

IFRIC decisions relating to hyperinflation

The IFRS Interpretations Committee (IFRIC) have previously considered a number of accounting issues in relation to dealing with hyperinflation. These include:

- Translating a hyperinflationary foreign operation and presenting exchange differences
- Accounting for cumulative exchange differences before a foreign operation becomes hyperinflationary
- Presenting comparative amounts when a foreign operation first becomes hyperinflationary, and
- Consolidation of a non-hyperinflationary subsidiary by a hyperinflationary parent.

We encourage careful consideration of these issues when preparing IFRS financial statements and applying IAS 29.

IAS 29 is not a Standard that can be quickly implemented, particularly in group situations. Careful consideration needs to be given to the IFRIC guidance dealing with situations where there is a hyperinflationary parent that has subsidiaries who also report in a hyperinflationary currency versus situations where a non-hyperinflationary parent has subsidiaries that report in a hyperinflationary currency. Also be mindful of how a hyperinflationary parent with subsidiaries that do not report in a hyperinflationary currency should be accounted for given the requirements set out in IAS 21 “The Effects of Changes in Foreign Exchange Rates”.

Any reporting entity considering IAS 29 for the first time will have to adapt their existing accounting systems to be able to process the hyperinflationary adjustments. It is important they understand the mechanics of adjusting for hyperinflation so they can restate in their financial statements both current and comparative periods.

03 IASB proposed amendments

This section presents IASB proposed amendments for which exposure drafts have been published in period from October 2024 until December 2024.

IASB proposed amendments



Exposure Draft: Proposed-Targeted Improvements to IAS 37

On 12 November 2024, the International Accounting Standards Board (IASB) published the Exposure Draft Provisions—Targeted Improvements, Proposed amendments to IAS 37.

In the exposure draft, the IASB is proposing to make targeted improvements to three aspects of IAS 37 Provisions, Contingent Liabilities and Contingent Assets:

- a) one of the criteria for recognising a provision - the requirement for the entity to have a present obligation as a result of a past event (the present obligation recognition criterion).
- b) two aspects of the requirements for measuring a provision - those relating to:
 - i. the costs an entity includes in estimating the future expenditure required to settle its present obligation and
 - ii. the rate an entity uses to discount that future expenditure to its present value.

In addition, the IASB is proposing amendments to the Guidance on implementing IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Guidance on implementing IAS 37). These amendments would update the guidance on applying the present obligation recognition criterion to reflect the proposed amendments to the requirements.



The Exposure Draft is open for comment until **12 March 2025**.

04 Grant Thornton International Ltd's Thought Leadership

Grant Thornton International Ltd has released a series of publications providing insights on applying IFRS in challenging situations. Each edition focuses on an area where the Standards have proved difficult to apply or lack guidance.

04 Grant Thornton International Ltd's Thought Leadership

Grant Thornton International Ltd has released: (a) an article “Get ready for IFRS 18” and (b) two new articles in series on Insights into IFRS 2 “Share-based payment”.

Get ready for IFRS 18

Grant Thornton International Ltd has released a new publication “Get ready for IFRS 18”. The publication provides a high-level overview of the new requirements of IFRS 18, along with some practical insights into the potential challenges that entities will face when applying this new Standard.

IFRS 18 will replace IAS 1 effective for reporting periods starting on or after 1 January 2027. The Standard introduces new requirements for the presentation of the statement of profit or loss, disclosures for so-called management-defined performance measures (MPMs) and enhanced guidance on aggregation and disaggregation of information in the financial statements.

Although on the surface these changes may seem straightforward, the details of the requirements can lead to potential challenges that will need to be fully understood in order to properly apply the Standard.

Insights into IFRS 2: Two (2) new articles released

Grant Thornton International Ltd.'s “Insights into IFRS 2” series is aimed at demystifying the Standard by explaining the fundamentals of accounting for share-based payments using relatively simple language and providing insights to help entities cut through some of the complexities associated with accounting for these types of arrangements. The previously published first two articles in the series are as follows:

- What is IFRS 2
- Classification of share-based payment transactions and vesting conditions

The new articles are as follows:

- Basic principles of share-based payment arrangements with employees
- Equity-settled share-based payment arrangements with employees.

You can access the publication at [Get ready for IFRS 18 | Grant Thornton insights](#)

04 Grant Thornton International Ltd's Thought Leadership

Grant Thornton International Ltd has released: (a) an article “Get ready for IFRS 18” and (b) two new articles in series on Insights into IFRS 2 “Share-based payment”.

Insights into IFRS 2: Basic principles of share-based payment arrangements with employees

This article discusses the basic principles that apply to both equity-settled and cash-settled share-based payment transactions with employees or others providing similar services.

Insights into IFRS 2: Equity-settled share-based payment arrangements with employees

This article discusses the accounting for equity-settled share-based payment transactions with employees.



You can access the publication at [IFRS 2 share-based payment arrangements with employees | Grant Thornton insights](#)



You can access the publication at [IFRS 2 Equity-settled share-based payment arrangements | Grant Thornton insights](#)

What defines our unparalleled edge

Grant Thornton works to support dynamic organizations to address financial reporting issues in today's complex world.

In making these changes, one thing does not change. Financial reporting is a regulated activity and compliance with the requirements is a must. Getting it right requires professional expertise, care and attention to detail, proper planning and project management and fit-for-purpose systems and controls.

We can help you get up to date with current trends in financial reporting by providing:

- thought leadership insights
- examples of best practice disclosures
- support you through the enhancing of your annual reports

Whatever stage you are at in making improvements to the content and presentation of your annual reports, our specialists offer pragmatic solutions, whilst still complying with IFRS Standards.

The Standards are detailed and technical. To the untrained eye, they can appear hard to navigate.



But at Grant Thornton, we have people who are well versed in their intricacies and can translate them into language that you can understand and apply to your financial statements.

A dedicated team of experts

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