



HM Treasury

## Financial Reporting Advisory Board

### IFRS amendments review

<b>Issue:</b>	Annual IFRS amendments have been reviewed by HM Treasury to conclude whether any relevant public-sector adaptations or interpretations are necessary that should be adequately reflected in the financial reporting guidance.
<b>Impact on guidance:</b>	No changes to the FReM required.
<b>IAS/IFRS adaptation?</b>	No adaptations or interpretations proposed.
<b>Impact on WGA?</b>	None.
<b>IPSAS compliant?</b>	This would depend on whether IPSASB make adjustments for the new IFRS amendments and interpretations discussed in this paper.
<b>Interpretation for the public-sector context?</b>	No adaptations or interpretations proposed.
<b>Impact on budgetary regime and Estimates?</b>	No adaptations or interpretations proposed.
<b>Alignment with National Accounts</b>	No adaptations or interpretations proposed.
<b>Recommendation:</b>	For the Board to note, in particular that HM Treasury proposes to make no adaptations or interpretations in relation to the amendments.
<b>Timing:</b>	There are no suggested amendments or interpretations to bring into effect in relation to the issues covered in this paper. This paper covers amendments since HM Treasury last carried out this review in June 2025.

## **DETAIL**

### **Amendments or interpretations issued and effective from 1 January 2025**

1. Appendix A lists three amendments now effective and formally adopted by the UK Endorsement Board (UKEB).
2. The appendix summarises the amendments and provides further detail on the likely impacts they will have across central government. The likely impacts will be limited, and HM Treasury does not believe any public-sector adaptations or interpretations are required to adjust for their implementation.

### **Amendments or interpretations issued but not yet effective**

3. Appendix B lists two amendments issued but not yet effective. For the two amendments published by the IASB but not yet effective, HM Treasury will provide a further update on these as part of the next review of IFRS amendments.

**HM Treasury**

**19th March 2026**

Appendix A: Amendments or interpretations issued and effective from 1 January 2026

Standard (amendment/ new)	Effective date – beginning on or after (EU adopted or UK adopted as relevant)	FReM Application?	Summary	Central Government Impact
<p><a href="#">Financial Instruments – Amendments to the Classification and Measurement</a></p> <p>Amendments to IFRS 9 and IFRS 7</p>	<p>1 January 2026 (<a href="#">UKEB endorsed</a>)</p>	<p>To be applied</p>	<p>Amendments respond to feedback from the post-implementation review of the standard. Changes include:</p> <ul style="list-style-type: none"> <li>- clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features and how the contractual cash flows on such loans should be assessed.</li> <li>- clarifying the date on which a financial asset or financial liability is derecognised when settled via electronic cash transfers.</li> <li>- introducing additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features</li> </ul>	<p>Minimal – should a central government entity have transactions which fall within the scope of this amendment it shall apply the standard as written and no amendment to the FReM is deemed necessary.</p> <p>No public sector adaptations or interpretations are proposed.</p>
<p><a href="#">Annual improvements to IFRS accounting standards.</a></p> <p>Amendments to IFRS 1,7,9, 10 and IAS 7.</p>	<p>1 January 2026 (<a href="#">UKEB endorsed</a>)</p>	<p>To be applied</p>	<p>Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard or correct relatively minor unintended consequences or oversights in the Accounting Standards. The Amendments are not likely to lead to a significant change in accounting practice.</p>	<p>Minimal – should a central government entity have transactions which fall within the scope of these amendment it shall apply the standards as written and no amendment to the FReM is deemed necessary.</p> <p>No public sector adaptations or interpretations are proposed.</p>

Standard (amendment/ new)	Effective date – beginning on or after (EU adopted or UK adopted as relevant)	FReM Application?	Summary	Central Government Impact
<a href="#">Nature-dependent electricity contracts</a>  Amendments to IFRS 7 and 9	1 January 2026  <a href="#">(UKEB endorsed)</a>	To be applied	Targeted amendments to help entities better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect an entities performance  The amendments include: - clarifying the application of the 'own-use' requirements. - permitting hedge accounting if these contracts are used as hedging instruments; and - adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.	Minimal – should a central government entity have transactions which fall within the scope of these amendment it shall apply the standards as written and no amendment to the FReM is deemed necessary.  No public sector adaptations or interpretations are proposed.

Appendix B: Amendments or interpretations issued but not yet effective

Standard (amendment/ new)	Effective date – beginning on or after (UK Adopted)	FReM Application?	Summary
<a href="#">Amendments to IFRS 19 to complete catch-up work</a>  IFRS 19	1 January 2027 (IFRS 19 not yet UKEB endorsed)	HM Treasury will review and make a recommendation to the Board on adoption/adaptation of the standard.	<p>The newly issued amendments to IFRS 19 help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically:</p> <ul style="list-style-type: none"> <li>-IFRS 18 Presentation and Disclosure in Financial Statements;</li> <li>-Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);</li> <li>-International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12);</li> <li>-Lack of Exchangeability (Amendments to IAS 21); and</li> <li>-Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).</li> </ul> <p>With these amendments, IFRS 19 reflects the changes to IFRS Accounting Standards that take effect up to 1 January 2027, when IFRS 19 will be applicable.</p>
<a href="#">Amendments for translating financial information into hyperinflationary currencies</a>  IAS 21	1 January 2027 (not yet UKEB endorsed)	HM Treasury will review and make a recommendation to the Board on adoption/adaptation of the standard.	<p>Amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.</p> <p>The amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> are effective for annual periods beginning on or after 1 January 2027.</p>