IFRS® Accounting Standards Discussion Group Meeting Report – May 14, 2025

OTHER MATTERS

Recent IFRS Interpretations Committee (the Interpretations Committee) Agenda Decisions

Guarantees Issued on Obligations of Other Entities

In April 2025, the IASB ratified the IFRS Interpretations Committee's agenda decision on Guarantees Issued on Obligations of Other Entities. The agenda decision clarifies how an entity accounts for guarantees that it issues on obligations of a joint venture. The Interpretations Committee concluded that an entity applies judgment in determining which IFRS Accounting Standard applies, considering the specific facts and circumstances and the terms and conditions of the guarantee contract.

Recent Amendments Made to IFRS Accounting Standards

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

On December 18, 2024, the IASB issued amendments to help entities report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements. Nature-dependent electricity contracts help companies to secure their electricity supply from sources such as wind and solar. The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions. The IASB noted that IFRS Accounting Standards requirements may not have been adequately capturing how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. 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.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted.