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| **Technical Alert:** | **19/2025** |
| **Date:** | **22 December 2025** |
| **Subject:** | **December 2025 Highlights** |

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[1] *This content was brought to you by Technical and Professional Matters at ICPAC. You can send any comments/recommendations by email.*

## Standard-setting updates and other developments

**IFRS Foundation Update**

**IASB's December meeting summary**

The International Accounting Standards Board (IASB) met on 8-11 December 2025. The Board discussed the following agenda items:

- Maintenance and Consistent Application
  - In this session, the IASB discussed the potential amendments to the fair value option for investments in associates and joint ventures under IAS 28 *Investments in Associates and Joint Ventures*.
- Provisions – targeted improvements
  In this session, the IASB redeliberated some aspects of the exposure draft.
- Financial instruments with characteristics of equity
  - In this session, the IASB continued redeliberating the amendments to IAS 32 *Financial Instruments: Presentation* proposed in the Exposure Draft.
- Business combinations — Disclosures, goodwill and impairment
  - In this session, the staff provided the IASB with an analysis of the feedback on the proposal to make targeted changes to IAS 36 *Impairment of Assets*, and also feedback on disclosure exemption requirements.
- Board work plan update
  - In this session, the IASB decided that will begin the post-implementation review of the hedge accounting requirements of IFRS 9 *Financial Instruments* in the first quarter of 2026.
- Statement of cash flows and related matters
  - The IASB discussed the results of the research undertaken for exploring potential ways to improve the transparency of cash flow statement.

For more information on IFRS Accounting open projects refer here.

**IFRIC's November meeting update**

The IFRS Interpretations Committee (Committee) met on 25-26 November. Among other matters discussed, the Committee tentatively decided not to add standard-setting projects to the work plan in relation to the following items:

- Classification of gains and losses on a derivative managing a foreign currency exposure (IFRS 18 *Presentation and Disclosure in Financial Statements*)
- Fair presentation and compliance with IFRS Accounting Standards (IAS 1 *Presentation of Financial Statements*)
- Scope of the requirement to disclose expenses by nature (IFRS 18)

- Assessment of a specified main business activity for the purposes of the separate financial statements of a parent (IFRS 18)
- Presentation of taxes or other charges that are not income taxes within the scope of IAS 12 *Income Taxes* (IFRS 18)

For a summary of the whole meeting please click here.

**IFRS Foundation's educational resources for the IFRS for SMEs Accounting Standard**

The IFRS Foundation has published a suite of fresh educational resources to help stakeholders learn, apply and implement the third edition of the IFRS for SMEs Accounting Standard. The available educational resources include 11 modules, five webcasts and three podcast episodes. For access to the material, click here.

**IASB proposes new accounting model to reflect how financial institutions manage interest rate risk**

On 3 December, the IASB proposed a new accounting model to better reflect how financial institutions manage interest rate risk throughout their portfolios, the proposed Risk Mitigation Accounting model. Click here for more information.

**IASB issues illustrative examples on reporting uncertainties in financial statements**

On 28 November 2025, the IASB issued illustrative examples demonstrating how companies can apply IFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The examples use climate-related scenarios but the underlying principles apply more broadly. For more information and access to the illustrative examples please click here.

**IESBA Update**

**IESBA-IAASB Annual Report**

The 2024 IESBA-IAASB Annual Report showcases major milestones in standard setting, global adoption and stakeholder engagement. Explore more here.

**IPSASB Update**

**IPSASB's December meeting update**

The International Public Sector Accounting Standards Board (IPSASB) met on 2-5 December and the following were discussed:

- Climate-related disclosures
  - The IPSASB reached a significant milestone with the approval of IPSASB SRS 1 *Climate-related Disclosures* which will be effective from 1 January 2028 with earlier adoption permitted.
- Natural resources
  - The IPSASB approved IPSAS 51 *Tangible Natural Resources Held for Conservation* and set an effective date of 1 January 2028.
- Strengthening Linkages Between IPSAS Standards and GFSM
  - The IPSASB approved Exposure Draft (ED) 94 *Linkages Between IPSAS Standards and the Government Finance Statistics Manual 2014* (Amendments to IPSAS 22). The ED is expected to be published in Q1 2026 with a 4-month comment period.
- Presentation of financial statements
  - The IPSASB has completed its conceptual and technical discussions on requirements for the presentation of financial statements. The IPSASB plans to approve its draft consultation paper at the March 2026 meeting.
- Making materiality judgments
  - The IPSASB discussed the approach and necessary public sector adaptations to develop non-authoritative guidance to assist entities in applying materiality when preparing IPSAS financial statements. The IPSASB will review an updated draft ED at its March 2026 meeting.
- Improvements
  - The IPSASB agreed to the proposed amendments regarding the lack of exchangeability to IPSAS 4 T*he Effects of Changes in Foreign Exchange Rates*, and IPSAS 33 *First-time Adoption of Accrual Basis* International Public Sector Accounting Standards. In addition, the IPSASB agreed to the narrow scope amendments regarding the definition of an operation and the recognition of assumed contingent liabilities to IPSAS 40 *Public Sector Combinations*. These amendments will be included in the next Improvements to IPSAS Standards ED expected to be approved in March 2026.

For more details, please click here.

## European Developments

### European Parliament gave its final approval on Omnibus proposal

On 16 December, the European Parliament approved a provisional agreement between MEPs and EU governments on updated sustainability reporting and due diligence rules for companies. Key points include:

- Sustainability reporting will be required from companies with over 1,000 employees and a net annual turnover of over €450 million
- Smaller companies with fewer than 1,000 employees will be protected from a shift in responsibility for reporting
- Only large corporations with more than 5,000 employees and a net annual turnover of over €1.5 billion have to carry out due diligence
- Due diligence rules will apply from July 2029

### ESRS Quick Fix DA comes into force

The ESRS 'Quick Fix' Delegated Act was published in the Official Journal of the EU and entered into force on 13 November. The DA provides a two-year pause on the reporting of additional phase-in data points for certain CSRD wave-1 undertakings.

## EFRAG Updates

### EFRAG publishes Discussion Paper on connectivity of financial and sustainability reporting

The European Financial Reporting Advisory Group (EFRAG) has released its Discussion Paper (DP) *Connectivity of Financial and Sustainability Reporting*. The DP highlights concepts, types, and mechanisms of the connectivity of reported information. For more information click here.

### EFRAG launches survey for preparers from rate-regulated non-energy sectors on expected IFRS X impacts

EFRAG has launched a new survey aimed at preparers from European rate-regulated entities operating outside the energy sector and likely to fall within the scope of the forthcoming IFRS X standard Regulatory Assets and Regulatory Liabilities. The deadline to provide feedback is 31 March 2026. For more information click here.

**EFRAG publishes feedback statement on its Discussion Paper *The Statement of Cash Flows–Objectives, Usages and Issues***

EFRAG has published the feedback statement summarising constituents' comments on its *Discussion Paper (the 'DP') The Statement of Cash Flows - Objectives, Usages and Issues*. The feedback will inform EFRAG's response to relevant IASB proposals. For more information click here.

**EFRAG provides its technical advice on draft simplified ESRS to the European Commission**

EFRAG submitted on 3 December its technical advice to the European Commission (EC) on the draft simplified European Sustainability Reporting Standards (ESRS). On next steps, the EC will prepare the Delegated Act revising the first set of ESRS based on EFRAG's technical advice. Read more here.

**EFRAG launches ESRS Knowledge Hub**

The ESRS Knowledge Hub brings together all key ESRS-related materials in one user-friendly environment. Access it here.

**Endorsement Status Report**

EFRAG's last updated EFRAG Endorsement Status Report.

## Publications and articles relevant to the profession

**AI in finance and accounting,** *IFAC*

The International Federation of Accountants (IFAC) has compiled five short videos that capture the key themes from a recent panel discussion that brought together perspectives from practice, industry, technology, and academia on the real-world impacts of artificial intelligence (AI) on business and the accountancy profession. Click here to access them.

**Leading with a purpose: finance professionals navigating the public sector through difficult times,** ACCA

This report highlights the major challenges facing finance leaders in the public sector and explores the ways in which they can lead with purpose of building public trust and supporting the delivery of effective public services. Click here to access it.

**Leading the way: A value-creation ethics framework for sustainability reporting and assurance,** HKICPA

This article highlights the necessity of practitioners to be subject to clear ethical and independence requirements when preparing or assuring sustainability information. You can read it by clicking here.

**Beyond private equity: third party ownership in the accountancy and audit sector,** Accountancy Europe

This paper explores how third-party ownership, including Private Equity (PE), is reshaping the European accountancy and audit sector. Read more here.

**Audit supervision in the EU: principles and good practices,** Accountancy Europe

In this paper, Accountancy Europe sets out principles and good practices to support more effective and coherent audit supervision in the EU, particularly for PIE and cross-border audits where multiple national authorities are involved. Read more here.