

INTERNATIONAL FINANCIAL REPORTING STANDARD 1

first-time adoption of international financial reporting standards

Basis for Conclusions

Hedge Accounting by a First-time Adopter

Available in:

- 2024 Edition – Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* as issued by the IASB in July 2024.

Paragraph 39AK is added. For ease of reading, this paragraph has not been underlined.

Effective date

...

39AK *Annual Improvements to IFRS Accounting Standards—Volume 11*, issued in July 2024, amended paragraphs B5–B6. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

Appendix B

Exceptions to the retrospective application of other IFRSs

Paragraphs B5–B6 are amended. New text is underlined and deleted text is struck through.

Hedge accounting

- ...
- B5 An entity shall not reflect in its opening IFRS statement of financial position a hedging relationship of a type that does not qualify for hedge accounting in accordance with IFRS 9 (for example, many hedging relationships where the hedging instrument is a stand-alone written option or a net written option; or where the hedged item is a net position in a cash flow hedge for another risk than foreign currency risk) (see paragraph 6.4.1 (a) of IFRS 9). However, if an entity designated a net position as a hedged item in accordance with previous GAAP, it may designate as a hedged item in accordance with IFRSs an individual item within that net position, or a net position if that meets the requirements in paragraph 6.6.1 of IFRS 9, provided that it does so no later than the date of transition to IFRSs.
- B6 If, before the date of transition to IFRSs, an entity had designated a transaction as a hedge but the hedge does not meet the qualifying criteria ~~conditions~~ for hedge accounting in paragraph 6.4.1 (b)–(c) of IFRS 9, the entity shall apply paragraphs 6.5.6 and 6.5.7 of IFRS 9 to discontinue hedge accounting. Transactions entered into before the date of transition to IFRSs shall not be retrospectively designated as hedges.

Terms and Conditions and Privacy Policy

Help desk: Mon-Fri, 9am-5pm ET 1-866-256-6842 [Contact Us](#) [Quick Reference Guide](#)

© 2001-2025, Knotia Canada Limited Partnership All rights reserved.