



Snapshot

by Capital Markets & Accounting Advisory Services

March 2025

New MFRS effective on or after 1 January 2025

Introduction

In this Snapshot, we discuss some of the key provisions surrounding the following new amendments (effective on 1 January 2025) which entities with 31 December 2025 year end applying for the first time (if relevant):

- Amendments to MFRS 121 on lack of exchangeability

Entities with 31 December 2025 year end also need to disclose that there are new MFRS issued but not yet effective and information relevant to assess the possible impact that their application will have on the financial statements under paragraph 30 of MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors'. In this Snapshot we also discuss the new amendments issued by the Malaysian Accounting Standards Board ("MASB") at the date of this publication that are effective after 1 January 2025:

- Amendments to MFRS 9 and MFRS 7 on classification and measurement of financial instruments
- Amendments to MFRS 9 and MFRS 7 on contracts referencing nature-dependent electricity
- Annual improvements to MFRS
- MFRS 18 'Presentation and Disclosure in Financial Statements'
- MFRS 19 'Subsidiaries without Public Accountability: Disclosures'

This publication gives an overview of the impact of the changes, helping companies understand how are they affected. Accordingly, it is a useful read for preparers, users and auditors of MFRS financial statements.



New MFRS effective on 1 January 2025

Amendments to MFRS 121 on lack of exchangeable [Effective on or after 1 January 2025]

The Amendments to MFRS 121 'The Effects of Changes in Foreign Exchange Rates' help entities:

- assess exchangeability between two currencies; and
- determine the spot exchange rate, when exchangeability is lacking.

Prior to the issuance of the amendments, MFRS 121 set out the exchange rate to use when exchangeability between two currencies is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Read our [Snapshot](#) to find out more about the amendments.





New MFRS effective after 1 January 2025

Amendments to MFRS 9 and MFRS 7 on classification and measurement of financial instruments [Effective on or after 1 January 2026]

The MASB has issued narrow-scope amendments to MFRS 9 'Financial Instruments' and MFRS 7 'Financial Instruments: Disclosures' on classification and measurement of financial instruments. These amendments:

- Clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial assets meets the sole payment of principal and interest criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance targets); and
- Make updates to the disclosures for equity instruments designated as fair value through other comprehensive income.

Read our [Snapshot](#) to find out more about the amendments

Annual improvements to MFRS [Effective on or after 1 January 2026]

Annual improvements are limited to changes that either clarify the wording in a MFRS or correct relatively minor unintended consequences, oversights or conflicts between the requirements in MFRS. The Annual improvements issued by the MASB in 2024 are to the following standards:

- MFRS 1 'First-time Adoption of MFRS';
- MFRS 7 'Financial Instruments: Disclosures';
- MFRS 9 'Financial Instruments';
- MFRS 10 'Consolidated Financial Statements'; and
- MFRS 107 'Statement of Cash Flows'.

Read more about the changes in the [Malaysian Accounting Standards Board website](#).



New MFRS effective after 1 January 2025 (continued)

Amendments to MFRS 9 and MFRS 7 on contracts referencing nature-dependent electricity [Effective on or after 1 January 2026]

The MASB has amended the 'own use' and hedge accounting requirements of MFRS 9, and it has added targeted disclosure requirements to MFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.

Application guidance has been added, to assist companies in determining whether certain contracts referencing nature-dependent electricity should be accounted for as 'own use' contracts.

Read our [Snapshot](#) to find out more about the amendments.

MFRS 18 'Presentation and Disclosure in Financial Statements' [Effective on or after 1 January 2027]

MFRS 18 will replace MFRS 101 'Presentation of Financial Statements'. This is the new standard on presentation and disclosures in financial statements with a focus on updates to the statement of profit or loss. The key new concepts introduced in MFRS 18 relate to:

- The structure of the statement of profit or loss – Requiring defined categories (i.e. operating, investing and financing) and subtotals in the statement of profit or loss;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside a company's financial statements (i.e. management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation of information which apply to the primary financial statements and notes in general.

Read our [Insights](#) to find out more about the new standard.



New MFRS effective after 1 January 2025 (continued)

MFRS 19 'Subsidiaries without Public Accountability: Disclosures' [Effective on or after 1 January 2027]

The new standard works alongside other MFRS. An eligible subsidiary applies the requirements in other MFRS except for disclosures requirements and instead applies the reduced disclosure requirements in MFRS 19.

MFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. MFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- It does not have public accountability; and
- It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with MFRS.

Read our [Snapshot](#) to find out more about the new standard.

Do you need further information on this topic?

Contact: Capital Market & Accounting Advisory Services (CMAAS) team
Email: my_cmaas@pwc.com

Stay up to date with the latest developments in financial reporting and capital markets

CMAAS's monthly newsletter "Accounting & Capital Markets Round-Up" features hot topics written in a way that you can easily access.

Click on [this link](#) to subscribe and receive the newsletter in your inbox as soon as it is released each month. The newsletter is accessible via mobile phone as well.

This content is for general information purposes only and should not be used as a substitute for consultation with professional advisors.

© 2025 PricewaterhouseCoopers Risk Services Sdn Bhd. All rights reserved. "PricewaterhouseCoopers" and/or "PwC" refers to the individual members of the PricewaterhouseCoopers organisation in Malaysia, each of which is a separate and independent legal entity. Please see www.pwc.com/structure for further details.