GRAP 104
Reference Group

Settlement of liabilities through electronic payment systems

October 2025

ACCOUNTING STANDARDS BOARD

Disclaimer

The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.

Outline

- Discussions to obtain an understanding of current practices
- Amendments to IFRS 9 for the derecognition of financial liabilities settled through electronic transfers

Discussions to obtain an understanding of current practices

Discussions

Discussion points (at reporting date)

1. How does the entity treat payments made before or on the reporting date via the electronic payment system that are not yet reflected on the bank statement at the reporting date?
    1. No reconciling item on bank reconciliation and payable
    2. Reconciling item as payment in cashbook not on bank statement and recognise expense / derecognise payable
2. Does the cashbook balance agree with the bank statement and does the entity make use of a bank reconciliation?
3. At what point can the entity stop the payment and/or reverse it?
4. Can the entity phone the bank and stop the payment, e.g. fraudulent payment?

Discussions

Discussion points (at reporting date)

5. Is it possible to authorise a payment but still have access to the money for something else?
6. Does the entity load advance payments?
   - For example, authorise a payment on 28 June with a payment date of 30 June
   - How are those treated in the accounting records?
7. What is the time lapse between authorising a payment and the money being transferred out of the bank account? Is it different for weekends?
8. What happens to payments loaded but not authorised when the system closes?

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Amendments to IFRS 9 for the derecognition of financial liabilities settled through electronic transfers

General

- Amendments to the classification and measurement of financial instruments
  - Derecognition of financial liabilities
  - Classification of financial assets *(not part of this presentation)*
  - Disclosures *(not part of this presentation)*
- https://www.ifrs.org/projects/completed-projects/2024/amendments-to-the-classification-and-measurement-of-financial-instruments/#published-documents
- Published 30 May 2024
- Effective 1 January 2026 with earlier application permitted

Derecognition of liabilities

Amendments to IFRS 9

- Clarify that settlement date accounting is used to derecognise financial liabilities [added par B3.1.2A]
- Add a new requirement that the entity is permitted to deem a financial liability settled before the settlement date [add par B3.3.8]
- Certain criteria must be met
    - Entity initiated a payment instruction
    - Entity has no practical ability to stop, cancel or withdraw the instruction
    - Entity has no practical ability to access the cash to be used for the payment
    - Settlement risk associated with the system is insignificant [added par B3.3.9]
- Option to apply par B3.3.8 is a policy choice and must be applied to all payments on the same electronic payment system [add par B3.3.10]

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