



IFRS News

April 2023

IFRS 16 Leases: Sale and leaseback **Assessing sale and leaseback**

IFRS 16 *Leases* ended sale-and-leaseback transactions as an off-balance sheet financing proposition. However, it did not end the debates about sale-and-leaseback accounting.

Accounting for these transactions can be complex. Under IFRS 16, assessing whether a transaction qualifies for sale-and-leaseback accounting is a key judgement. Calculating the profit or loss on the sale is also not always intuitive.

Our [Sale and leaseback](#) publication addresses practical questions we have encountered in applying IFRS 16. It also covers the new amendments to IFRS 16, with detailed worked examples showing how to account for sale-and-leaseback transactions that feature variable payments on initial recognition and subsequently.



Emission schemes | Airlines **Green initiatives in the airlines industry**

Companies across many different sectors have announced their net-zero carbon commitments – as part of a drive towards a greener economy. As businesses embrace new arrangements and operational changes to hit their net-zero targets, they face both challenges and opportunities.

In this [podcast](#) the first in a new series on the impact of this transition on financial reporting under IFRS® Accounting Standards – **Mark Wrigglesworth** and **Irina Ipatova** look specifically at green initiatives in the airlines industry.



IFRS 17 | Insurance Contracts

IFRS 17 and IFRS 9 in 2022 annual reports **What are insurers reporting?**

Insurers are disclosing the possible impacts of IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* in their 2022 financial statements, but in differing levels of detail. We analysed these disclosures from 60 insurers across the following four key areas.

- Disclosures under IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and accounting policies.
- Restatement of opening balance sheet.

- Restatement of 2022 comparatives.
- Ongoing IFRS 17 and IFRS 9 reporting.

Read our [article](#) to find out more.

Issued financial guarantee contracts Accounting under IFRS 17 and IFRS 9

Under a financial guarantee contract, the issuer is required to reimburse a loss incurred by the holder. A common example of a financial guarantee contract is a parent company providing a guarantee over its subsidiary's borrowings.

Because these contracts transfer significant insurance risk, they typically meet the definition of an insurance contract.

With the replacement of IFRS 4 *Insurance Contracts* by IFRS 17 *Insurance Contracts*, the accounting for these contracts may change significantly. Companies now need to apply either IFRS 17 or IFRS 9 *Financial Instruments* to these contracts.

To help with this assessment, read our [guide](#), which includes a worked example of a financial guarantee contract under IFRS 17 and IFRS 9.



Global minimum top-up tax | Good news on relief from deferred tax accounting Proposed IAS 12 amendments

As jurisdictions prepare to amend their local tax laws to introduce the global minimum top-up tax, stakeholders are questioning how they will account for those changes under IFRS® Accounting Standards.

In response, the IASB is amending IAS 12 *Income Taxes*. The IASB has decided to:

- proceed with the temporary mandatory relief from deferred tax accounting for the impact of the top-up tax; and
- revise its proposed approach for those disclosures to be provided before the new tax laws are in effect, shifting from:
 - a list – to a disclosure objective with supporting guidance; and
 - IAS 12-based information – to information based on Pillar Two laws.

The new disclosures would apply in annual financial statements for periods beginning on 1 January 2023; however, no disclosures would be required in interim periods before 31 December 2023.

Read our [article](#) and watch our [video](#) to find out more.



Interim financial statements | Illustrative disclosures and disclosure checklist Your essential guides to interim reporting

Our 2023 guides to condensed interim financial statements comprise [Illustrative disclosures](#) and a [Disclosure checklist](#) to help you prepare financial statements in accordance with IFRS® Accounting Standards.

Many companies are facing challenges as a result of external events – e.g., natural disasters, geopolitical events, COVID-19, and inflation. The resulting economic uncertainty creates a variety of issues and risks, including changes in consumer demand, disrupted supply chains, staff shortages, increasing interest rates, increased market volatility and changes to how companies operate.

Preparers should carefully evaluate and consider the impact of external events on their 2023 interim financial reporting and provide an update of relevant, company-specific disclosures since the last annual reporting date.

Find out more in our [web article](#).



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