



IFRS News

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IFRS Today podcast – Areas of focus for 2022 year ends Accounting in uncertain times

Climate-related matters continue to top the list of priorities for investors and other stakeholders with their greater focus on consistency of financial and non-financial information across the annual report. However, they also recognise the challenges companies face from the macroeconomic environment, such as inflation, rising energy prices, the Ukraine-Russia conflict and the continued threat of COVID-19.

Listen to our latest *IFRS Today* [podcast](#) for clear and concise points for companies to consider when preparing their year-end financial statements.



Illustrative disclosures | Your essential guide to disclosures for banks and investment funds

Banks

Our [Guide to annual financial statements – Illustrative disclosures for banks](#) helps you to prepare and present financial statements in accordance with IFRS[®] Accounting Standards, illustrating one possible format for financial statements based on a fictitious banking group.

The 2022 edition reflects standards in issue at 30 November 2022 that are required to be applied by an entity with an annual period beginning on 1 January 2022. It also includes an illustration of disclosure to explain the potential impact of a new global minimum tax, which could affect banks' disclosures in 2022 annual reports.

Investment funds

Our [Guide to annual financial statements – Illustrative disclosures for investment funds](#) will help you prepare financial statements in accordance with IFRS[®] Accounting Standards. It illustrates one possible format for financial statements based on a fictitious tax-exempt open-ended single-fund investment company.

The 2022 edition reflects standards in issue at 30 November 2022 that are required to be applied by an entity with an annual period beginning on 1 January 2022.



[IFRIC Agenda decision | Definition of a lease and substitution rights](#) **Applying the lease definition in IFRS 16**

At its November meeting, the IFRS® Interpretations Committee discussed a case that could set an important precedent in a rapidly expanding industry sector.

Specifically, the Committee considered the application of the lease definition to a contract to supply batteries for use in electric vehicles when the contract contains a substitution right. Read our latest *IFRS Today* [video](#) for a summary of the Committee's discussions.

The Committee's tentative agenda decision is open for comment until 6 February 2023. Visit the [IFRS Foundation website](#) for the IFRIC® Update covering this meeting.



Insurers

Potential impacts of the new standards begin to emerge

Many insurers and analysts have hailed IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* as a positive accounting change, offering better comparability than IFRS 4 *Insurance Contracts*, aligning asset and liability measurement models and clearer presentation and disclosures in the financial statements.

We have analysed information provided by 26 insurers across the globe on the potential impacts of IFRS 17 and IFRS 9. This information was shared as part of their investor education sessions and/or their quarterly or half-yearly reporting (where relevant).

Our analysis highlighted that insurers expect:

- IFRS 17 will have a significant impact but it is primarily an accounting change;
- accounting mismatches and related volatility in the income statement will be significantly reduced under IFRS 17 and IFRS 9; and
- the new standards will not affect a company's strategy and its capacity to pay dividends.

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



IFRS compared to US GAAP | Handbook

Embracing uncertainty

Business in the 21st century is facing accelerating changes. Standard setters are responding to these changes while also focusing on maintaining stability in financial reporting. In addition, the economic environment continues to change, with companies facing increased uncertainty. Companies continue to face challenges in assessing the impacts and providing meaningful and relevant information to their stakeholders under both IFRS Accounting Standards and US GAAP.

The new edition of KPMG's comparison of [IFRS Accounting Standards and US GAAP](#) highlights the key differences between the two frameworks, based on 2022 calendar year ends, and includes a new chapter comparing the new requirements for insurance contracts that will become effective in 2023.

If you're a preparer, it may help you to identify areas to emphasise in your financial statements; if you're a user, it may help you spot areas to focus on in your dialogue with preparers.



Fair value measurement – IFRS Accounting Standards and US GAAP

Measuring fair value in uncertain times

Measuring fair value can require significant judgement and estimation. It is even more difficult now due to volatile financial markets and significant economic uncertainty resulting from geopolitical events, and rising inflation and interest rates. Although there has been much focus on the economic impact of these trends and events, the accounting impacts – including on the measurement of fair value – cannot be overlooked.

All of these factors place increased pressure on companies as they exercise their judgement and determine the key assumptions underpinning fair value measurements.

This edition of our [Fair value measurement handbook](#) will help you apply the principles of IFRS 13 *Fair Value Measurement* and Topic 820 *Fair Value Measurement*, and understand the key differences between them.



Global minimum top-up tax | Potential exception to deferred tax accounting

Proposed amendments to IAS 12 published

To address concerns about uneven profit distribution and the tax challenges of the digitalisation of the economy, various agreements have been reached globally and many countries are busy amending their local laws to introduce a global minimum top-up tax.

Implementing the new rules and determining their tax and accounting impact may be challenging. In response, the International Accounting Standards Board (IASB) has published proposed amendments to IAS 12 *Income Taxes*.

The IASB invites comments on its proposals by 10 March 2023. Read our updated [web article](#) and our new [talkbook](#) to find out more.



Uncertain times | Impacts of inflation and interest rates on impairment

Impacts of inflation and interest rates on impairment

For many companies, soaring long-term market interest rates, slowing economic activity and inflation are triggers of possible impairment – if they are expected to have (or have already had) a significant adverse effect. This raises the question of how to reflect the potential impacts of these factors in calculating the recoverable amount of non-financial assets and cash-generating units.

Read our [article](#) in our [Financial reporting in uncertain times resource centre](#) to find out more.



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