KPMG

IFRS News

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IFRS 17 for non-insurers

Do you have an insurance contract in the scope of IFRS 17?

From 2023, the new insurance standard, IFRS 17 *Insurance Contracts*, will apply for those contracts in scope.

All companies could be affected, not just insurers. This is because IFRS 17 amends the definition of an insurance contract, meaning that some contracts issued by companies could be an insurance contract, even if they are not called insurance contracts.

Our IFRS 17 for non-insurers guide will help you understand whether an issued contract is in the scope of IFRS 17. It includes a framework for identifying insurance contracts and illustrative examples.

Ukraine-Russia conflict – ESMA notes implications for interim financial statements

The European regulator, ESMA, has issued a statement on the implications of Russia's invasion of Ukraine on half-yearly financial reports. The statement, which aims to promote investor protection, sets out expectations for preparers and auditors.

Although the topics included in the statement are those deemed by ESMA to be most relevant at a European level, regulatory bodies outside Europe are also likely to focus on the same topics. However, these topics are not exhaustive and national regulators may have additional areas of focus.

For further detail, see our web article on the impact of external events on interim financial statements. And for more guidance on the key issues covered in the ESMA statement, visit our Financial reporting in uncertain times resource centre – which features a range of articles, blogs and podcasts.

Banks’ climate-related disclosures

Banks' progress in disclosing climate-related matters has slowed in 2021

Our latest analysis of banks' climate-related disclosures confirms that the overall progress banks are making in disclosing climate-related matters has slowed down in 2021.

In the first part of our analysis, we looked at banks' climate-related disclosures within their 2021 annual reports. In this second part of our benchmarking analysis, we look at how the climate-related disclosures of banks align with the recommended disclosures of the Task Force on Climate-related Disclosures (TCFD) for 35 major global banks.

The analysis notes three key findings.

- Banks have put in place governance structures and risk management frameworks – however, their impact is not yet clear.
- Many banks have committed to achieving net zero by 2050 – however, metrics are not yet disclosed at a granular level which makes it challenging for users to understand and assess how banks have progressed towards their targets.
- There's limited quantitative disclosure of scenario analysis – making it challenging to use the information disclosed to assess the resilience of their strategies.

Read our analysis and the accompanying blog post, which summarises our key findings, for further insights.

Comparing sustainability disclosures

Comparing proposals from the ISSBTM, EFRAG and SEC

Sustainability reporting continues to develop at a fast pace.

Recent proposals from the International Sustainability Standards Board (“ISSB”) Board, European Financial Reporting Advisory Group (“EFRAG”) and the US Securities Exchange Commission (“SEC”) are ambitious and would have a significant impact on companies.

There is commonality among each of the proposals, including that the Task Force on Climate-related Disclosures (“TCFD”) framework forms a shared input. However, there are also areas where they are not aligned. These could create practical challenges for those companies needing to apply multiple frameworks – e.g., a key practical consideration for these companies will be aligning calculation methodologies.

Our guide will help you understand how the proposals compare and gain further insight on some of the practical challenges you may encounter as you prepare for the new sustainability reporting standards.

IFRS Today podcast – Comparing international, EU and US sustainability reporting proposals

Within the space of a few weeks, the ISSB™ , EFRAG and the SEC have all published proposed sustainability standards. Some are more detailed than others, and some cover wider issues for a wider stakeholder group. All of them represent significant steps towards greater connectivity between sustainability reporting and financial reporting.

In our latest *IFRS® Today* podcast, hosted by Reinhard Dotzlaw, the three leaders of the KPMG global corporate and sustainability reporting team offer a high-level overview of the proposals.

Uncertain times | Hyperinflationary economies

How should companies account for hyperinflationary economies?

During times of economic uncertainty, many economies experience increased levels of inflation – and in some cases hyperinflation.

Companies with operations whose functional currency is that of a hyperinflationary economy should expect to apply IAS 29 *Financial Reporting in Hyperinflationary Economies*.

Read our article in our financial reporting in uncertain times resource centre to see a **list of economies** we consider hyperinflationary under IAS 29. The list will be evergreen, so please bookmark it today for future updates.

Post-implementation review | IFRS 10, 11 & 12

Application challenges could remain

As part of a post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, stakeholders identified a number of areas that they find particularly challenging in practice.

Having considered these issues, the International Accounting Standards Board has decided not to take any substantive action at the current time, concluding that the standards are working as intended and achieving their objectives.

Read our article for more information.

IFRIC Agenda decisions | June's meeting

Electronic payments

At its June meeting, the IFRS Interpretations Committee ("IFRIC") discussed the date on which a company recognises cash if a customer settles a trade receivable through an electronic payment.

The IFRIC's conclusion could have a profound impact on what feels like a very basic accounting question – just how much cash does your company have at year end?

In our latest IFRS Today video, Brian O'Donovan unpacks the discussion.

Visit the IFRS Foundation website for the IFRIC Update covering this meeting.

Please watch – and share – our video.