



IFRS News

May 2022

Combined and/or carve-out financial statements

Combined and/or carve-out financial statements are not addressed specifically in IFRS® Standards, which has resulted in entities developing their own accounting treatment, often through discussions with local regulators.

This global diversity in practice means that management face unique challenges when preparing combined and/or carve-out financial statements and often need to apply significant judgement.

To help you address these challenges, our updated [guide](#) shares our practical experience and observations. It also highlights where there is consistency and diversity in applying IFRS Standards and the approaches we have seen in practice.



COVID-19 | Areas of focus for year-end financial statements

Reflecting the impact of COVID-19 in year-end financial statements

Our latest *IFRS Today* podcast offers clear and concise points to consider on reflecting the impact of COVID-19 in year-end financial statements.

The podcast offers insights from KPMG specialists who each share their thoughts on the key questions to ask about going concern, impairment, rent concessions, government assistance, provisions and more.

All topics addressed in the podcast and more are covered in more detailed web articles on our [Financial reporting in uncertain times resource centre](#). Recent changes have included updates to articles on fair value measurement, expected credit losses and changes to the terms of borrower liabilities.

Listen to our IFRS Today Podcast [here](#).



Uncertain times | Financial reporting resource centre

Responding to global economic uncertainty

Your company, your employees and your customers are likely to be facing challenges in these uncertain times. COVID-19, natural disasters, the Russia/Ukraine conflict, geopolitical events and inflation are just some of the major issues driving global economic uncertainty today.

This evolving uncertainty creates a variety of issues and risks, including changes in consumer demand, disrupted supply chains, staff shortages, increased market volatility and changes to the way we work.

Our [Financial reporting in uncertain times resource centre](#) will help you understand the potential accounting and disclosure implications. This new resource – which features a range of articles, blogs and podcasts – expands on and replaces the materials previously found in our COVID-19 financial reporting resource centre.



March IFRIC agenda decision

SPAC transactions

At its March meeting, the IFRS Interpretations Committee discussed one of the most talked-about types of deal of the last 12 months – special-purpose acquisition companies (SPACs).

The Committee looked at a specific question about a specific fact pattern, but in doing so touched on many aspects of SPAC accounting.

Visit the [IFRS Foundation website](#) for the IFRIC Update covering this meeting.

You can also watch – and [share](#) – our video on IFRS Today.



April IFRIC Agenda decision

Demand Deposits with Restrictions on Use arising from a Contract with a Third party

At its April meeting, the IFRS Interpretations Committee (the Committee) discussed whether a demand deposit subject to contractual restrictions on use agreed with a third party meets the definition of cash in IAS 7.

The Committee observed that paragraph 6 of IAS 7 defines cash by stating that it ‘comprises cash on hand and demand deposits’ and that there are no requirements on whether an item qualifies as cash beyond the definition itself.

The Committee noted that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the demand deposit no longer being cash, unless those restrictions change the nature of the demand deposit in a way that it would no longer meet the definition of cash in IAS 7.

Visit the [IFRS Foundation website](#) for the IFRIC Update covering this meeting.



Interim financial statements | Illustrative disclosures and disclosure checklist

Your essential guides to interim reporting

Our 2022 guides to condensed interim financial statements comprise [Illustrative disclosures](#) and a [Disclosure checklist](#) to help you prepare financial statements in accordance with IFRS® Standards.

Preparers should carefully evaluate and consider the impact of external events on their 2022 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](#).



Get ready for ISSB sustainability disclosures | Understanding the proposals for general and climate-related requirements

Reporting could be as soon as 2022 year ends

With the release of the first two proposed IFRS[®] Sustainability Disclosure Standards on climate-related disclosures and general requirements, this marks a critical step towards equal prominence for sustainability and financial reporting

Under the proposals, companies would:

- report on *all* relevant sustainability topics (not just on climate);
- provide globally consistent disclosures that focus on how sustainability topics affect enterprise value; and
- provide sustainability information of the same quality, and at the same time, as their financial information.

Getting ready now is critical even if the final standards are not identical to the proposals. With a rapid route to adoption expected in a number of jurisdictions, our [Get ready for ISSB sustainability disclosures](#) guide will help you to prepare.

Our insight to help you prepare for the proposed standards

Under the proposals, companies would report on all relevant sustainability topics (not just climate) and provide sustainability information of the same quality, and at the same time, as their financial information. This means that many companies could see significant changes in the type and amount of information they need to present.

Achieving change of this magnitude will not be easy and companies need to prepare for rapid implementation. With the proposals open for public comment until 29 July 2022, our [New on the Horizon](#) publication will help you prepare. It explores some of the key impacts, and how companies might apply the proposals, using our insight and illustrative examples.



Bank's climate related disclosures

Users need numbers to track and compare progress towards climate-related goals, but banks are still on a journey

Climate-related risks and their business impacts are the focus of attention for annual report readers like never before.

Our analysis of the most recent annual reports of 35 major global banks shows their progress in disclosing climate-related matters in annual reports has slowed down in 2021.

The analysis notes three key findings.

- Banks continue to focus on risk management.
- Climate-related matters are largely addressed in the front part of an annual report – disclosures in the financial statements are less common.
- Metrics and targets remain vague in the annual reports. Banks have made significant commitments to sustainable finance, but without quantitative information on metrics such as financed emissions it is difficult for users to track their progress.

Read our [analysis](#) and the accompanying [blog post](#), which summarises our key findings, for further insights.



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