CURRENT DEVELOPMENTS

Spotlight on IFRS

Q2 2023

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Quarterly update

Each quarter, we provide a summary of newly effective and forthcoming standards as well as other significant accounting and financial reporting developments. This edition covers current developments in the quarter ended on June 30, 2023.

Many companies are continuing to face a variety of uncertainites resulting from the macroeconomic environment. However, Sustainability matters, including climate-related risks, continue to top the list of priorities for investors and other stakeholders with greater focus on consistency of information across the annual report. Our latest *IFRS Today* webpage includes podcasts and articles where we cover emission schemes, net-zero commitments, climate related matters and other changes in the financial reporting landscape that are relevant for all companies.

On June 26, 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS ® Sustainability Disclosure Standards. These standards will have a significant impact on companies across all sectors and mark the next step towards equal prominence for sustainability and financial reporting. We recommend leveraging our dedicated *Sustainability reporting resource centre*, which features a range of high-level visual overviews, video blogs, articles and analysis to help companies get ready for the new standards.

Refer to our financial reporting resource centres that are designed to help companies prepare financial statements: *Financial reporting in uncertain times resource centre* which features a range of articles, blogs and podcasts to explore the potential accounting and disclosure implications, and *Climate change financial reporting resource centre* which provides additional resources to help you identify the potential financial statement impacts for your business of climate-related risks and opportunities.

A number of new requirements are effective from January 1, 2023. Further information on these new requirements is provided in the section *Requirements effective in 2023*.

Refer to our *Guides to financial statements* – which includes an update to interim financial statements for disclosure requirements effective in 2023.

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Major projects and new standards

Sustainability (ESG[1]) reporting update

Today, general purpose financial reports are typically comprised of financial statements and management's discussion and analysis. With the introduction of sustainability disclosure requirements, financial reports will also soon include sustainability-related financial disclosures. In this section, we focus primarily on the newly released sustainability disclosure standards, other sustainability disclosure activities and the potential impact of sustainability matters on financial statements. For additional background and information, as well as a discussion on the connectivity in reporting, refer to this *article* by the International Accounting Standards Board (IASB) Chair Andreas Barckow and ISSB Chair Emmanuel Faber.

Sustainability disclosures

International Sustainability Standards Board developments

As part of its drive towards globally consistent, comparable and reliable sustainability reporting, the ISSB is developing IFRS Sustainability Disclosure Standards. On June 26, 2023, the ISSB released two standards:

- IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (general requirements standard); and
- IFRS S2 *Climate-related Disclosures* (climate standard).

The two standards are designed to be applied together and alongside future topic- or industry-specific standards.

Individual jurisdictions will decide whether and when to adopt but a rapid route to full adoption is expected in a number of jurisdictions.

Overview of the two intersecting standards

The general requirements standard and the climate standard are effective for annual periods beginning on or after January 1, 2024. Companies will be required to report on all relevant sustainability topics (not just on climate) under a consistent global framework and focus on how these topics impact a company's prospects.

The general requirements standard sets the foundation for sustainability reporting, defining the scope and objectives of reporting and providing core content, presentation and practical requirements. It requires disclosure of all material information on all sustainability-related risks and opportunities – across all relevant disclosure topics – not just on climate and includes suggested reference materials for topics other than climate.

The climate standard replicates the core content requirements and supplements them with climate-specific reporting requirements, including disclosure of risks, information on climate transition plans, greenhouse gas emissions and scenario analysis as well as general and industry-specific metrics.

Connected information

Companies will need to explain the connection between sustainability-related risks and opportunities and disclosures about sustainability-related risks and opportunities as well as the connection between sustainability-related financial information and the financial statements and MD&A.

Sustainability-related information is to be reported for the same period and at the same time as the annual financial statements. Therefore, companies will need processes and controls in place so that they can provide sustainability information of the same quality, and at the same time, as their financial information.

Suite of optional transition reliefs

In response to practical concerns in adopting the new standards, a number of transition reliefs are available in the first year of adoption.

The full compliment of transition reliefs would allow companies in the first year of adoption to not:

[1] Environmental, Social, and Governance.

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- Provide disclosures about sustainability-related risks and opportunities beyond climate-related information;
- Provide annual sustainability-related disclosures at the same time as the related financial statements;
- Provide comparative information;
- Disclose Scope 3 greenhouse gas emissions; and
- Use the GHG Protocol to measure emissions, if they are currently using a different approach.

In addition, companies that only report on climate-related risks and opportunities in the first year of reporting will have relief from providing comparative information about their sustainability-related risks and opportunities beyond climate in their second year of reporting.

Future focus of the ISSB

With the first two standards being issued, the ISSB is now in the deliberation process of what to focus on next, and has sought feedback from stakeholders via a consultation.

The ISSB has agreed it needs to split its time between:

- embedding IFRS S1 and IFRS S2 through building capacity and supporting companies to apply the standards; and
- focusing on new areas through understanding where guidance is most urgently needed. Current priority areas being deliberated include: biodiversity, human capital, human rights, and integration in reporting.

For more information about developments in this area, refer to our *Sustainability reporting resource centre* – which features a range of high-level visual overviews, video blogs, articles and analysis.

European Union developments

The European Commission (EC) is in the process of consulting with EU bodies and the member states on finalizing the European Sustainability Reporting Standards (ESRSs) submitted by the European Financial Reporting Advisory Group (EFRAG). The EC has released a near-final set of ESRSs for commentary by July 7, 2023.

The near-final set of ESRSs reflect changes based on stakeholder feedback, particularly the challenges required to comply with the earlier drafts. Key changes include:

- Only the ESRS 2 *General Disclosures* will remain mandatory. Other ESRS disclosures will be subject to a materiality assessment;
- Additional phase-in relief for all companies relating to disclosures of environmental financial implications; and
- Amendments aiming to improve interoperability with international standards and to align with other European legislation.

The EU is expected to adopt the final standards in August 2023.

For more information about developments in this area, refer to our *ESRS resource centre.*

SEC – ESG reporting update

For recent ESG developments at the Securities and Exchange Commission (SEC) – including regulatory updates on the proposed climate rules – refer to our *US Quarterly Outlook* publication.

Canadian Sustainability Standards Board developments

The Canadian Sustainability Standards Board (CSSB) has been formed to support the adoption of international sustainability standards in Canada while considering supplemental requirements tailored to the Canadian market. In April 2023, the CSSB's first-ever chair and initial members were appointed. The CSSB will hold its first meeting this month and initial discussions will include decisions about adoption and effective dates for IFRS S1 and S2 in Canada.

OFSI's Guideline B-15: Climate Risk Management

In March 2023, the Office of the Superintendent of Financial Institutions (OFSI) published Guideline B-15: Climate Risk Management, which sets out OFSI's expectations for the management of climate-related risks. Guideline B-15 will be effective fiscal year-end 2024 for Domestic Systemically Important Banks (DSIBs) and Internationally Active Insurance Groups (IAIGs) headquartered in Canada. For all other in-scope Federally Regulated Financial Institutions (FRFIs), Guideline B-15 will become effective fiscal year-end 2025.

Comparing sustainability reporting proposals

There is commonality among each of the proposals issued by the ISSB, the SEC and the EFRAG, including that the TCFD framework forms a shared input. However, there are also areas where they are not aligned, which may create practical challenges for companies trying to design coherent and consistent reporting that meets the needs of both global investors and jurisdictional requirements.

Refer to our *guide* which compares the proposals and gives our insight on some of the practical challenges companies may

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encounter as they prepare for the new sustainability reporting standards.

Sustainability in the financial statements

Climate-related disclosures in the financial statements

All companies are facing climate-related risks and opportunities. Some are affected more than others. As the impact of climate change intensifies, investors and regulators are increasingly seeking greater transparency of climate-related information in financial statements.

IFRS® Accounting Standards do not refer explicitly to climate-related risks or climate-related matters, but they implicitly require relevant disclosures in the financial statements when climate-related matters considered in preparing the financial statements are material. Therefore, companies are required to consider materiality carefully in deciding what information to provide about these matters. Information may be material even though there is no current-period financial impact.

In March 2023 the IASB added a narrow-scope maintenance project to its work plan to explore how companies can provide better information about climate-related risks in their financial statements. This project was initiated in response to feedback received on the IASB's most recent Agenda Consultation, and also builds on educational materials published by the IASB in 2020, and republished in *July 2023*. In addition, this project will continue to support the connectivity between the work of the ISSB and the IASB, and support the connectivity within general purpose financial reports.

For additional information about the potential financial statement impacts from climate-related risks, refer to our *web article*. For a more comprehensive discussion on potential impacts, including measurement and recognition impacts, see our *Climate change financial reporting resource centre.*

Green initiatives and carbon credits

To drive the move to a greener economy, companies across many different sectors have announced commitments to reduce greenhouse gas emissions and, in some cases, net-zero targets. This brings both challenges and opportunities as companies embark on new arrangements and operational changes to meet these commitments and targets.

These new green initiatives vary significantly by industry, company and by geography. Some initiatives may be driven by regulatory changes such as the introduction of emissions trading schemes (e.g. in Canada: (Federal) Clean Fuel Regulation, Alberta Technology Innovation and Emissions Reduction (TIER) Regulation, Ontario Emissions Performance Standard, Quebec Cap-and-Trade System and BC Renewable and Low Carbon Fuel Requirements Regulation), or a price on carbon emissions in the form of a 'carbon tax'. Other initiatives may be driven by industry pressure (e.g. in the airline industry), and still others may be entirely voluntary in nature - which often results in the generation of carbon credits[2].

The accounting implications for such initiatives highly depends on the specific facts and circumstances of the arrangement itself, as well as the perspective or involvement of the company in the green initiative. In addition, many of the arrangements result in assets (carbon credits) for which there is limited specific guidance within accounting frameworks, leaving many companies looking to broad concepts and principles, or application of certain guidance by analogy.

On the other hand, the emission regulations and the net-zero commitments made by companies require analysis of when a liability should be recognized. Historically, there have been challenges in applying IFRS Accounting Standards to determine whether a liability should be recognized in some emission trading schemes. In addition, many companies don't realize that a net-zero commitment could also result in the recognition of a liability when certain criteria are met. The IASB is considering these challenges as part of the climate-related risks project, but also as part of a project that is considering targeted amendments to the principles on provisions, including IAS 37 *Provisions, Contingent liabilities and Contingent Assets ("IAS 37").* This project on targeted amendments is in the early stages. Additional information can be found *here*.

For additional information about accounting for carbon credits under IFRS Accounting Standards, refer to our web articles on *Accounting for green initiatives – investing in credits, Carbon offsets and credits under IFRS Accounting Standards* and

[2] ISSB initially proposed using the general term 'carbon offset', which it defined as: "An emissions unit issued by a carbon crediting programme that represents an emission reduction or removal of a greenhouse gas emission. Carbon offsets are uniquely serialised, issued, tracked and cancelled by means of an electronic registry. However, in responding to feedback, the ISSB is using the general term 'carbon credit'.

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What might a company that purchases carbon credits voluntarily need to consider. In addition, for a discussion of some of the initiatives and financial reporting implications, refer to our series of podcasts on emissions: *Green initiatives in the airlines industry, How do voluntary green schemes work* and *Generating carbon credits under voluntary schemes.*

For additional information on net-zero commitments, refer to our *web article* and *podcast.*

Update on rate-regulated activities project

Some companies are subject to regulations that say how much and when they can charge their customers. Although some national accounting bodies provide specific guidance on accounting for the effects of rate regulation, IFRS Accounting Standards do not contain any equivalent comprehensive guidance. IFRS 14 *Regulatory Deferral Accounts* provides only temporary relief to first-time adopters of IFRS Accounting Standards that are subject to rate regulation.

Companies use different accounting models to report the effects of this rate regulation. Some of these models reflect incomplete information about how rate regulation affects a company's underlying financial position, performance and cash flows.

In January 2021, the IASB published its exposure draft *Regulatory Assets and Regulatory Liabilities*. The exposure draft proposes a new accounting model under which a company subject to rate regulation that meets the scope criteria would recognize regulatory assets and liabilities. This accounting model would align the total income recognized in a period under IFRS Accounting Standards with the total allowed compensation the company is permitted to earn by the rate regulator, often reducing reported volatility in financial performance.

The key proposal in the exposure draft is that a company that is subject to rate regulation should report in its financial statements the total allowed compensation it is permitted to earn by the rate regulator for goods and services supplied in the period.

To achieve this, the exposure draft proposes an 'overlay' approach under which a company would, first, continue to apply the requirements of existing IFRS Accounting Standards – for example, to recognize and measure revenue from contracts with customers. Then, a company would recognize:

- a regulatory asset – when it has an enforceable present right to add an amount in determining the regulated rate to be charged to customers in future periods; and
- a regulatory liability – when it has an enforceable present obligation to deduct an amount in determining the regulated rate to be charged to customers in future periods.

Movements in regulatory assets and liabilities would give rise to regulatory income and expense. Broadly speaking, the total revenue recognized under existing IFRS Accounting Standards plus regulatory income minus regulatory expense under the proposed new Standard would align with the total allowed compensation determined by the rate regulator.

The company would present regulatory income minus regulatory expense separately in the statement of financial performance, immediately below revenue. Regulatory assets and liabilities would be presented separately from other assets and liabilities.

It is possible that some companies in the utility sector would not meet the scope criteria, whereas some outside the utility sector would be captured. A company will fall within the scope of the proposals if it meets the following conditions:

- the company is a party to a regulatory agreement;
- the regulatory agreement determines the regulated rate that the company can charge for goods or services supplied to its customers; and
- the regulated rate is determined in a such a way that some or all the total allowed compensation for goods or services supplied in one period is charged to customers in a different period.

The proposed standard provides some guidance for these conditions. If a company meets these criteria, then it would be required to apply the accounting model in the exposure draft. Unlike the approach in IFRS 14, the new accounting model would not be optional.

Companies covered by the proposals who did not apply IFRS 14 would recognize new assets and liabilities, and new items of income and expense. The impact on financial performance will depend on the facts and circumstances of the company but common cases would include the following:

- If recognition of income under IFRS Accounting Standards previously lagged total allowed compensation permitted by the regulator, then a company would see an increase in net assets on transition to the new standard.

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– If a company previously experienced material short-term timing differences between recognition of income under IFRS Accounting Standards and total allowed compensation permitted by the regulator, volatility in reported earnings would be reduced.

Companies that applied IFRS 14 would transition to the new requirements. There is no option to automatically carry forward existing IFRS 14 accounting.

The IASB received 128 comment letters on the exposure draft when the comment period closed in July 2021.

In December 2021, the IASB discussed a plan for redeliberation to address the feedback received in the comment letters. In accordance with the plan, aspects of the proposals were redeliberated throughout 2022 and into 2023.

Project updates in Q2 2023

The IASB continued to redeliberate the proposals in Q2 of 2023. The exposure draft and information about project updates are available on the IASB's *Rate-regulated Activities project page*.

The IASB made the following tentative decisions at the April 2023 meeting:

- Long-term performance incentives – to require an entity to estimate the amount of the incentive and its attribution to the reporting period using a reasonable and supportable basis as part of recognition and measurement of regulatory assets and regulatory liability arising from such incentives
- Derecognition of regulatory assets and liabilities:
    - an entity should derecognize a regulatory asset alongside its recovery by adding future regulated rates charged to customers
    - an entity should derecognize a regulatory liability alongside its fulfilment by deducting amounts from future regulated rates charged to customers
    - clarify that a regulatory asset or liability should be derecognized if the 'more likely than not' threshold is not met
    - include guidance for derecognition of regulatory assets and regulatory liabilities settled by a regulator or another designated body. Including a requirement to recognize the difference between the derecognized asset and liability and any new asset or liability in profit or loss
    - when a regulatory asset or regulatory liability is adjusted from an entity's regulatory capital base (which has no direct relationship with its property, plant and equipment) – derecognize the regulatory asset and regulatory liability and recognize any associated regulatory expense and associated regulatory income respectively in profit or loss
- to not include any guidance on securitisation of regulatory assets in the prospective standard

At its May 2023 meeting, the IASB met to discuss the status and expected timing for completing the project and made the following tentative decisions related to timing of initial recognition of regulatory asset and regulatory liabilities:

- to require recognition of all regulatory assets and regulatory liabilities existing at the end of the reporting period
- to treat regulatory assets or regulatory liabilities arising from regulated rates denominated in a foreign currency as monetary items when applying IAS 21 *The effects of changes in foreign exchange rates*

At its June 2023 meeting, the IASB met for redeliberation of the measurements basis, specifically the cash-flow-based measurement technique and the estimation of uncertain future cash flows. The IASB made the following tentative decisions:

- to retain the proposal that an entity estimate uncertain future cash flows using either the 'most likely amount' method or the 'expected value' method, based on which method the entity expects would better predict the cash flows. However, the IASB also tentatively decided not to provide additional guidance on circumstances in which the 'most likely amount' method might be better.
- to require an entity to reassess the method only if there is a significant change in facts and circumstances such that the entity no longer expects the method to better predict the cash flows.
- to clarify that when an entity uses the 'expected value' method the entity should also consider the outcomes in which a regulatory asset or a regulatory liability would not exist, or would exist but produce no future cash flows.
- to not require a separate impairment test for regulatory assets.

The IASB will continue to redeliberate the project proposals at future meetings.

Read our *web article* and *New on the Horizon* publication which contain detailed analysis and insights.

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Update on financial instruments projects

Financial instruments with characteristics of equity

IAS 32 *Financial Instruments: Presentation* sets out how an issuer distinguishes between a financial liability and equity and works well for many, simpler financial instruments. However, classifying more complex financial instruments under IAS 32 – e.g. those with characteristics of equity – can be more challenging, leading to diversity in practice. In response, in June 2018 the IASB has published a discussion paper *Financial Instruments with Characteristics of Equity* (FICE) that sought to improve IAS 32.

In September 2019 in the light of the feedback received on the discussion paper, the staff provided the IASB five alternatives for the direction of the FICE project. From the alternatives, the IASB tentatively decided on making clarifying amendments to IAS 32, which would focus on addressing practice issues by clarifying particular underlying principles in IAS 32.

In October 2019, the IASB discussed the project plan and outlined a preliminary list of practice issues that could be addressed in the scope of the project:

(a) classification of financial instruments that will or may be settled in the issuer's own equity instruments – e.g. application of the fixed-for-fixed condition to particular derivatives on own equity and the classification of mandatorily convertible financial instruments;

(b) accounting for obligations to redeem own equity instruments – e.g. accounting for written put options on non-controlling interests (NCI puts);

(c) accounting for financial instruments that contain contingent settlement provisions – e.g. financial instruments with a non-viability clause;

(d) the effect of laws and regulations on the classification of financial instruments;

(e) reclassification between financial liability and equity instruments – e.g. when circumstances change, or contractual terms are modified; and

(f) classification of particular financial instruments that contain obligations that arise only on liquidation of the company – e.g. perpetual financial instruments.

At its December 2020 meeting, the IASB decided to move the FICE project from the research programme to the standard-setting programme.

Project updates in Q2 2023

At its April 2023 meeting, the IASB received a status update on the project and discussed the following issues and tentatively agreed:

- to amend the scope of IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7") to reflect that it would apply to an entity's issue equity instruments. Specifically, the IASB tentatively agreed to:
  - expand the objective of IFRS 7, enabling users to understand how the entity is financed, as well as current and potential ownership structures of an entity.
  - delete the reference to derivatives that meet the definition of an equity instrument in IAS 32 from para 3(a) of IFRS 7.
- to further refine the disclosure requirements on terms and conditions that were tentatively agreed in April 2021 and require additional disclosures as follows:
  - to include explanations and examples of 'debt-like' and 'equity-like' features in the forthcoming exposure draft.
  - to clarify that disclosures of 'debt-like' and 'equity-like' features should include both qualitative and quantitative information.
  - to require disclosure of the amounts initially allocated to the financial liability and equity components of compound financial instruments.
  - to require disclosures of significant judgements made in classifying the financial instrument, or its component parts, as a financial liability or as equity.
  - to require disclosures of information about terms and conditions that become, or stop being effective, with the passage of time before the end of the contractual term of the instrument.
- to develop further disclosure requirements and provide further clarifications to the classification and presentation requirements in IAS 32 as follows:
  - to relocate disclosure requirements and expand them to include reclassifications from IAS 1 *Presentation of Financial Statements* to IFRS 7 when changes in the substance of the contractual terms arise from changes in circumstances outside the contract
  - to require specific disclosures for instruments containing obligations to redeem its own equity instruments, such as:
    - the amount removed from equity and included in

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financial liabilities when the obligation was initially recognised and the component of equity from which it was removed;
    - the amount of remeasurement gain or loss recognised in profit or loss during the reporting period;
    - the amount of gain or loss, if any, that was recognised on settlement if the obligation is settled during the reporting period;
    - the amount removed from financial liabilities and included in equity if the written put option has expired unexercised; and
    - the cumulative amount transferred within equity and the component of equity to which it was transferred, if any cumulative amount in retained earnings was transferred.
  - to require separate disclosure of total gains or losses from remeasuring financial liability containing contractual obligations to pay amounts based on an entity's performance or changes in the entity's net assets
- to the following transition requirements for the proposed amendments to IAS 32, IFRS 7 and IAS 1:
  - to require retrospective application with restatement of comparative information (i.e. fully retrospective)
  - for entities already applying IFRS accounting standards:
    - to require the fair value at the beginning of the earliest comparative period presented as the amortised cost of the financial liability at that date if impracticable apply the effective interest method retrospectively.
    - not to require separation between liability and equity components, if the liability component with a contingent settlement provision is no longer outstanding on initial application.
    - to require disclosure of the nature and amount of any changes in classification resulting from initial application.
    - to provide transition relief from the quantitative disclosures in paragraph 28(f) of IAS 8.
    - not to provide transition relief from the requirements in IAS 34 *Interim Financial Reporting* for interim financial statements issued within the first year of application.
  - for first-time adopters, not to require any additional transition relief.

At its May 2023 meeting, the IASB discussed and tentatively decided the following:

- to propose addition of disclosure requirements to the IFRS Accounting Standard *Subsidiaries without Public Accountability*
- to set a comment period of 120 days for the exposure draft

However, one of the members at IASB indicated an intention to dissent from the proposals in the exposure draft.

The discussion paper and information about project updates are available on the IASB's *Financial Instruments with Characteristics of Equity* project page.

The next step is for the IASB is to begin the balloting process for the exposure draft that is expected to be published in Q4 2023.

Dynamic risk management

Although IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 9 *Financial Instruments* provide models for macro hedge accounting, these contain restrictions that limit companies' ability to reflect some common dynamic risk management (DRM) activities in their accounting (i.e. when the risk position being hedged changes frequently and is hedged by an open portfolio of changing assets and liabilities). Moreover, some of these models deal specifically with interest rate risk management rather than other types of risk. Without an accounting model that reflects the broader use of dynamic risk management activities, some have asserted that it can be difficult to faithfully represent these activities in financial statements.

In response to these issues, in April 2014 the IASB published the discussion paper *Accounting for Dynamic Risk Management – a Portfolio Revaluation Approach to Macro Hedging* as the first due process document for the project.

Based on the feedback received from respondents on the discussion paper, the IASB decided to prioritize the consideration of interest rate risk and consider other risks at a later stage in the project.

In November 2017, the IASB tentatively decided that the dynamic risk management accounting model should be developed based on cash flow hedge accounting mechanics.

Some of the key areas discussed by the IASB in past meetings were the following:

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- the role of the asset profile within the Dynamic Risk Management Accounting model (the Model); in particular, the application of qualifying criteria to the asset profile, as well as designation of items within the asset profile and documentation requirements.
- the role of the target profile within the Model; in particular, what is a target profile, how it is determined, consistency of the asset profile and target profile and the time horizon of the target profile.
- the application of qualifying criteria to the target profile, as well as designation of items within the target profile, core demand deposits and the documentation requirements.
- derivative financial instruments, including designation and de-designation of derivatives.
- the information that should be provided in situations of imperfect alignment (i.e. when the asset profile, in conjunction with the designated derivatives, are not aligned with the target profile).
- misalignments that could result in an accounting outcome inconsistent with the purpose of the Model, economic relationship between the target profile and the combination of the asset profile and designated derivatives.
- how derivatives designated within the Model should be presented in financial statements.
- negative balances within the target profile.
- documentation of and changes in risk management strategy.

Between October 2020 and April 2021, to assess the viability and operability of the Model, the IASB carried out outreach with financial institutions (mainly banks) that manage interest rate risk using dynamic risk management strategies, and received feedback on core elements that are central to the Model.

The key areas for improvement in the Model that were identified from the outreach include:

- target profile;
- designation of expected cash flows and impact on imperfect alignment; and
- recognition of fair value changes in other comprehensive income.

Since April 2021, at its meetings, the IASB has discussed potential refinements to the Model to address the three main challenges identified from the outreach.

At its May 2022 meeting, the IASB decided to move the project to the standard-setting programme.

Project updates in Q2 2023

At its April 2023 meeting, the IASB received an update on the project, including a summary of the tentative IASB decisions to date relating to the current DRM model and the remaining topics to be deliberated. The IASB also discussed the following:

- the proposed requirements for determining the risk mitigation intention (RMI), including how an entity would define managed risk and construct benchmark derivatives. In relation to these topics, the IASB:
    - tentatively decided that the managed risk is the specified interest rate risk an entity manages consistent with its risk management strategy. The managed risk is therefore the risk an entity's risk limits are based on; and
    - tentatively decided that the benchmark derivative is calibrated to current market rates of the managed risk to achieve a fair value of zero based on RMI by repricing period.
    - reconsidered and reconfirmed that (1) RMI is evidenced by the actual amount of interest rate risk by repricing period transferred to a party external to the reporting entity; and (2) repricing periods are aligned with an entity's risk management strategy.
- a qualifying criterion for determining the current net open risk position (CNOP)—that future transactions can only be designated in the DRM model when they are highly probable. The IASB tentatively decided:
    - to require future reinvestment or refinancing transactions of existing financial assets or liabilities at the prevailing market interest rate to be included in the CNOP when they are expected to occur; and
    - all other future transactions will only qualify for the inclusion in the CNOP if they are highly probable to occur.

The IASB also met in May 2023 to discuss illustrative examples intended to demonstrate the designation and application of the DRM model. The IASB was not asked to make any decisions at that meeting.

The discussion paper and information about project updates are available on the IASB's *Dynamic Risk Management* *project page*.

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At its future meeting, the IASB will continue its deliberations on the areas and topics identified in the project plan.

General presentation and disclosure

The IASB published an exposure draft *General Presentation and Disclosures* in December 2019. The exposure draft proposes to improve how information is communicated in the financial statements, with a focus on financial performance. The proposals would result in a new IFRS Accounting Standard, replacing IAS 1 *Presentation of Financial Statements*, and would amend some other IFRS Standards.

The proposals would introduce significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management's own performance measures (commonly referred to as 'non-GAAP measures,') and less aggregation of items into large, single numbers.

Presentation choices in the cash flow statement would also be reduced, improving comparability.

The IASB proposes requiring:

- additional subtotals in the income statement, including 'operating profit';
- disaggregation to help a company to provide relevant information;
- disclosure of some management-defined performance measures – that is, performance measures not specified by IFRS Standards; and
- limited changes to the statement of cash flows to improve consistency in classification by removing options.

Based on the feedback received on its exposure draft, the IASB continue to redeliberate the proposals. The topics discussed in its previous meetings include:

- subtotals and categories in the statement of profit or loss;
- classification in categories;
- companies with specified main business activities (i.e. companies that invest or provide financings as a main business activity);
- subtotals and categories related to associates and joint ventures;
- roles of primary financial statements and notes;
- principles of aggregation and disaggregation;
- principles for presentation;
- unusual income and expenses;
- management performance measures and related disclosures;
- amendments to the statement of cash flows; and
- presentation and disclosure of operating expenses.

Project updates in Q2 2023

At its May 2023 meeting the IASB continued to redeliberate the proposals. The following tentative decisions were made:

- in relation to associates and joint ventures accounted for using the equity method:
  - to reconfirm the requirement for all entities to classify the income and expenses from associates and joint ventures accounted for using the equity method in the investing category in the statement of profit or loss.
  - to provide transition requirements to permit an entity to elect to measure investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 when the investment is held by, or is held through, an entity that is a venture capital organisation, a mutual fund, unit trust and similar entities including investment-linked insurance funds.
  - to withdraw the proposed paragraph 38A of IAS 7 *Statement of cash flows*, and thus require dividends received from associates and joint ventures accounted for using the equity method to be classified in a single category applying the same guidance as applicable for all other dividends received.
- in relation to Management Performance Measures and IFRS 8 Operating Segments:
  - to clarify that management performance measures are measures that reflect management's view of the performance of the entity as a whole;
  - to confirm the proposal that if one or more of the management performance measures are the same as part of the operating segment information, the entity may disclose the information in the same note, provided that the entity includes in the same note or in a separate note, all the information required to be disclosed for management performance measures.
  - The IASB also asked staff to consider when drafting the final standard the relationship between paragraph B83 of the exposure draft with the general

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requirements for presentation of notes in a systemic manner.

At its June 2023 meeting the IASB continued to redeliberate the proposals. The following tentative decisions were made:

- in relation to categories and subtotals in the statement of profit or loss:
  - to clarify that income and expenses arising from derecognition of an asset or liability are classified in the same category as the income and expense generated by that asset or liability immediately before derecognition.
  - to clarify that income and expenses arising from a transaction or other event that changes the classification of income and expenses from an asset or liability (without affecting the recognition of the asset or liability) are classified in the same category as before the transaction or other event.
  - to clarify that if income and expenses described above arise from a single transaction or other event that involves a group of assets and liabilities for which income and expenses were classified in different categories immediately before the transaction or other event, the gain or loss is classified as operating if any of the assets in the group generated income and expenses that were classified as operating and as investing if all the assets in the group generated income and expenses that were classified as investing.
  - to confirm that specific entities (i.e. an entity that provides financing to customers as a main business activity, and classifies the related income and expenses from liabilities that arise from financing transactions as operating) would not present the subtotal ‘profit or loss before financing and income tax’.
- in relation to IAS 29 Financial Reporting in Hyperinflationary Economies and IAS 12 *Income Taxes*
  - to clarify that the gain or loss on the net monetary position would be classified in the operating category when an entity applying IAS 29 presents it in a single line item.
  - to clarify that the foreign exchange differences arising from assets and liabilities within the scope of IAS 12, that are recognized in profit or loss under IAS 21, would be classified in the income tax category in the statement of profit or loss. That is, unless doing so would involve undue cost or effort.
  - The IASB also tentatively decided to make a consequential amendment to paragraph 78 of IAS 12 for classifying foreign exchange differences on deferred tax assets and liabilities to align with the decision above.

At its future meeting, the IASB will continue its deliberations on the areas and topics identified in the project plan.

The exposure draft and other materials are available on the IASB’s *Primary Financial Statements* *project page*. Read our *web article* and *New on the Horizon* publication which contains detailed analysis and insights.

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Other developments

Uncertain times – Impact on impairment

Inflation continues to be at very high levels and central banks in many countries are continuing to raise interest rates. Many companies are also experiencing the effects of soaring commodity prices and labour costs (and in some cases, a significantly lower share price). All of these factors are indicators of possible impairment.

In previous quarters, we highlighted the potential impacts of these factors on companies using a discounted cash flow (DCF) model to estimate the recoverable amount of their assets or cash-generating units (CGUs). The impacts may be significant – e.g. affecting key inputs to the model such as the forecasted revenues, profitability and the discount rate and may be a key area of focus for regulators. Refer back to our previous editions of this *publication* for a more detailed reminder of the key impacts to be considered.

Supplier finance arrangements

In response to investors' calls for more transparency of supplier finance arrangements' impacts on the financial statements, the IASB has amended IAS 7 and IFRS 7. The amendments introduce additional disclosure requirements for companies that enter into these arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB's amendments apply to supplier finance arrangements, which have the following characteristics:

- a finance provider pays amounts a company (the buyer) owes its suppliers.
- a company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- the company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

Companies need to start collating additional information to meet the new disclosure requirements because some of the information may not always be readily available – i.e. the carrying amount of financial liabilities for which suppliers have already received payment from finance providers. Companies may need to obtain this information from their finance providers directly.

The IASB expects that finance providers will generally be able to make this information available, at least on an aggregated and anonymized basis – e.g. where restrictions may exist.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

For more information refer to our *web article*.

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Amendments to IFRS 9

These amendments related to classification of financial assets and accounting for electronic payments respond to feedback received from a post-implementation review of the classification and measurement requirements in IFRS 9.

Amendments to IFRS 9 - Classification of financial assets

In response to feedback on its post-implementation review (PIR) of the classification and measurement requirements in IFRS 9, the IASB is proposing to amend IFRS 9 and IFRS 7. The proposals include guidance on the classification of financial assets, including those with ESG-linked features.

The proposals address a number of matters arising from the PIR, including:

- the classification and disclosures of financial assets with an ESG-linked feature;
- financial assets with non-recourse features
- the classification of contractually linked instruments (CLIs); and
- disclosures on investments in equity instruments.

Classifying financial assets with an ESG-linked feature

The proposed amendments clarify how a company would assess the solely payments of principal and interest (SPPI) condition for the contractual cash flows arising from a financial asset with contingent features.

The proposals address a specific call for clarification on how to classify financial assets with an ESG-linked feature – e.g. a feature that adjusts the interest rate on an asset by a specified number of basis points depending on whether the borrower achieves a pre-determined ESG or sustainability-related target(s). However, rather than creating an exemption for financial assets that are ESG-linked, the proposals address all contingent features, not just ESG-linked features.

Financial assets with non-recourse features

The proposals include clarifications on determining whether a financial asset is non-recourse such that it is primarily exposed to the underlying asset's performance risk rather than the debtor's credit risk. The proposals aim to clarify the requirement to look through to the underlying assets or cashflows to determine whether the financial asset qualifies as SPPI by providing a list of factors to consider.

Similarly, the proposals include additional disclosures not only for these financial assets but also for all financial assets and financial liabilities that have particular types of contingent cash flows and are not measured at fair value through profit or loss.

Classifying contractually linked instruments (CLI)

To address questions on applying the SPPI requirements to CLIs, the proposals are intended to clarify their key characteristics and how they differ from financial assets with non-recourse features.

Disclosures on investments in equity instruments

The IASB is proposing additional disclosures for equity instruments that are measured at fair value and whose gains or losses are presented in other comprehensive income (FVOCI). It is not proposing any change to the measurement or presentation requirements for such investments in equity instruments.

For more information, refer to our *web article* and the *publication*.

Amendments to IFRS 9 - Accounting for electronic payments

Current accounting practices for the settlement of financial assets or financial liabilities using electronic payment systems could change under the exposure draft issued by the IASB. Under the exposure draft, companies that derecognize receivables or payables on the payment initiation date could see a change to their accounting.

The question on when to derecognize a trade receivable when it is settled using an electronic payment system seems relatively simple on the surface. However, it has generated a significant amount of debate because there is diversity in practice for both the receivable and payable sides of the transaction.

When the Committee considered the issue, its view was that the receivable would be derecognized when the contractual right to receive cash expires. The Committee also indicated that cash would be recognized only when it is received and did not discuss the payer's accounting. However, the Committee's decision was not finalised because the IASB decided to

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address the issue by proposing amendments to the relevant standards.

The IASB is proposing an exception that would apply only for financial liabilities. The exception would allow a company to derecognize a financial liability before the settlement date, when it uses an electronic payment system that meets specific criteria. In other words, the general requirements (i.e. derecognition on settlement date) would apply for:

- all payables, except for those that meet the proposed criteria; and
- all receivables without exception.

The exposure draft, however, do not change the accounting for regular way contracts. The exposure draft is open for comments until July 19, 2023.

For more information, refer to our *web article* and the *publication*.

Issued financial guarantee contracts

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.

The impact on the financial statements will differ depending on whether a company applies IFRS 17 or IFRS 9.

The key impacts include:

- the measurement of the contract liability; and
- the timing of profit recognition.

Refer to the *publication* for details.

IFRIC agenda decisions

Companies applying IFRS Accounting Standards are required to reflect the explanatory material included in final agenda decisions made by the IFRS Interpretations Committee (the “Committee”). Bookmark our IFRIC agenda decisions *web page* to keep up to date with the latest discussions.

The Committee did not issue any final agenda decisions during the quarter.

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Requirements effective in 2023

New requirements effective for annual reporting periods beginning on or after January 1, 2023[3].

Insurance contracts (IFRS 17)

Insurer's and non-Insurers (see below) will be applying IFRS 17 for the first time as of January 1, 2023. As a reminder, IFRS 17 brings fundamental changes to insurance accounting. IFRS 17 introduces a single:

- measurement model based on a current fulfillment value that incorporates available information in a way that is consistent with observable market information; and
- revenue recognition principle to reflect services provided.

Benefits of the new standard include increased transparency about the profitability of new and in-force business which will provide more insight into an insurer's financial health. Other effects may include greater volatility in financial results and equity due to the use of current discount rates and assumptions around future cash flows.

Other changes include:

- separate presentation of underwriting and finance results, providing information surrounding the sources of profit and quality of earnings;
- premium volumes will no longer drive the 'top line' as investment components and cash received are no longer considered to be revenue; and
- accounting for options and guarantees will be more consistent and transparent.

Audit committees may still be interested in the key areas highlighted in our web articles on published guidance by the Global Public Policy Committee (GPPC)*:* Insurers – Guidance for audit committees on IFRS 17 implementation *and* Insurers – Further guidance for audit committees on applying IFRS 17

IFRS 17 for non-insurers

The new standard applies to all contracts that may meet the definition of an insurance contract, regardless of the issuer, and therefore all companies could be affected, not just insurers.

The definition of an insurance contract has changed from IFRS 4 *Insurance Contracts*. Some contracts issued by companies could meet the definition of an insurance contract, even if they are not called insurance contracts – e.g. mobile device replacement contracts or extended warranties.

It is important for a company to determine now whether it issues any insurance contracts in the scope of IFRS 17 as the requirements of IFRS 17 may be challenging for companies to meet.

For additional information, refer to our web article and our IFRS 17 for non-insurers guide*.*

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Companies make materiality judgements not only when making decisions about recognition and measurement, but also when deciding what information to disclose and how to present it. However, management are often uncertain about how to apply the concept of materiality to disclosure, and find it easier to defer to using the disclosure requirements within IFRS Accounting Standards as a checklist.

The IASB had previously refined its definition of 'material' and issued non-mandatory practical guidance on applying the concept of materiality. The new definition reads '*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of*

[3] Requirements for Global minimum top-up tax under BEPS 2.0 are applicable for year end financial statements dated December 31, 2023 and not to interim financial statements prepared during 2023.

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general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'

As the final piece of the materiality improvements, the IASB has issued amendments on the application of materiality to disclosure of accounting policies. The amendments are effective from January 1, 2023.

For additional information, refer to KPMG's *web article*.

Definition of Accounting Estimate (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively. The approach taken can therefore affect both the reported results and trends between periods.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments are effective for periods beginning on or after January 1, 2023 and apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

For additional information, refer to KPMG's *web article*.

Global minimum top-up tax under BEPS 2.0

To address concerns about uneven profit distribution and the tax challenges of the digitalization of the economy, various agreements have been reached globally, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15 percent (referred to as "GloBE").

These jurisdictions are expected to use the Organisation for Economic Co-operation and Development's (OECD) draft legislative framework and detailed guidance to amend their local tax laws. Once changes to local tax laws are enacted or substantively enacted, companies may be subject to the top-up tax.

The GloBE rules apply to multinational groups that have consolidated revenues of EUR 750 million or more in at least two out of the last four years. Multinational groups in the scope of the rules will be required to calculate their GloBE effective tax rate for each jurisdiction where they operate. If the blended GloBE effective tax rate for all companies in a specific jurisdiction is below the 15 percent minimum rate, then they will be liable to pay a top-up tax for the difference. In many cases, the group company liable for the top-up tax will differ from the group company that triggered it.

Top-up tax differs from income taxes that arise under 'traditional' tax regimes. Traditional income taxes are generally based on a company's taxable profit; top-up tax will arise only if a group pays an insufficient amount of income taxes at a jurisdictional level. This has led to questions particularly about the accounting for deferred tax impacts such as the following:

- What is the tax base of assets and liabilities for the purposes of GloBE?
- Do the GloBE model rules create additional temporary differences?
- Does a company need to remeasure its existing temporary differences in relation to deferred tax recognized?
- How will companies determine the rate for measuring the deferred tax impacts of top-up tax?

To address these concerns, the IASB has amended IAS 12 to:

- provide a temporary mandatory relief from deferred tax accounting for top-up tax: companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied the relief. The relief is effective immediately and applies retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. It will apply until the IASB decides either to remove it or to make it permanent
- require companies to provide new disclosures to compensate for the potential loss of information resulting from the relief:
  - *Once tax law is enacted but before top-up tax is effective*: The company is required to disclose information that is known or can be reasonably estimated and helps users of the financial statements to understand the company's exposure to Pillar Two income taxes at the reporting date. This information does not need to reflect all the specific requirements in the legislation – companies can provide an

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indicative range. Disclosures may include quantitative and qualitative information.

- Quantitative information: The proportion of profits that may be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits, or how the average effective tax rate would have changed if Pillar Two legislation had been effective.
- Qualitative information: How the company is affected by Pillar Two taxes and in which jurisdictions the exposure arises – e.g. where the top-up tax is triggered and where it will need to be paid.

If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.

- *After top-up tax is effective:* Only one disclosure is required – i.e. current tax expense related to top-up tax

These new disclosure requirements apply only to financial statements from December 31, 2023. No disclosures are required in interim periods ending on or before December 31, 2023. However, investors may expect disclosures about the potential impacts before then, particularly from group companies that expect to be liable for the top-up tax.

For more information, refer to our web article and talkbook.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12

Targeted amendments to IAS 12 clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

For example, a company may be entitled to a tax deduction on a cash basis for a lease transaction that involves recognizing a right-of-use (ROU) asset and a corresponding lease liability under IFRS 16 *Leases*. A temporary difference may then arise on initial recognition of the ROU asset and the lease liability. Previously there was diversity in practice on how the future tax impacts of these types of transactions were reflected.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For additional information, refer to KPMG's *web article*.

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Appendix 1: Requirements effective in 2024 and beyond

A reminder of standards and amendments to published standards not yet effective, but available for early adoption are listed in this table.

Effective for periods beginning on or after	Standards and amendments	KPMG's guidance
January 1, 2024	Classification of liabilities as current or non-current (Amendments to IAS 1) and Non-current Liabilities with Covenants (Amendments to IAS 1)	*Web article* (with links to in-depth analysis)
January 1, 2024	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	*Web article*
NA*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	

* The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

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Appendix 2: IASB work plan

These tables are intended to act as an outlook of current IASB projects that may impact your financial statements in the future. More information about the projects is available on the IASB's *work plan page*.

Standard-setting projects	Next milestone	Expected date	KPMG's guidance
Business combinations – disclosures, goodwill and impairment	Exposure draft	H1 2024	
Dynamic risk management	Exposure draft	2025	
Financial instruments with characteristics of equity	Exposure draft	Q4 2023	
Management commentary	Decide project direction	Q4 2023	*Web article*
Equity method	Exposure draft	H2 2024	
Rate-regulated activities	IFRS Accounting Standard	2025	*Web article*
Primary financial statements	IFRS Accounting Standard	2024	*Web article* *New on the Horizon*
Disclosure initiative – subsidiaries without public accountability: disclosures	IFRS Accounting Standard	2024	*Web article*
Second comprehensive review of the IFRS for SMEs accounting standard	IFRS Accounting Standard	2025	

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Research projects	Next milestone	Expected date	KPMG's guidance
Business combinations under common control	Decide project direction	September 2023	*Web article*
Extractive activities	Decide project direction	September 2023	
Post-implementation review of IFRS 15	Request for Information Feedback	H1 2024	
Post-implementation review of IFRS 9 – impairment	Request for Information Feedback	Q4 2023	

Maintenance projects	Next milestone	Expected date	KPMG's guidance
Amendments to the classification and measurement of financial instruments	Exposure Draft Feedback	September 2023	
Amendments to the IFRS for SMEs Accounting Standard—International tax reform – pillar two model rules	Exposure Draft Feedback	August 2023	*Web article*
Climate-related Risks in the Financial Statements	Review research	September 2023	
Lack of exchangeability (amendments to IAS 21)	IFRS Accounting Standard amendment	August 2023	*Web article*
Provisions – targeted improvements	Decide project direction	Q4 2023	
Annual Improvements to IFRS Accounting Standards—Cost Method (Amendments to IAS 7)	Exposure Draft	September 2023	
Annual Improvements to IFRS Accounting Standards—Credit Risk Disclosures (Amendments to Illustrative Examples accompanying IFRS 7)	Exposure Draft	September 2023	
Annual Improvements to IFRS Accounting Standards—Determination of a 'De Facto Agent' (Amendments to IFRS 10)	Exposure Draft	September 2023	
Annual Improvements to IFRS Accounting Standards—Gain or Loss on Derecognition (Amendments to IFRS 7)	Exposure Draft	September 2023	
Annual Improvements to IFRS Accounting Standards—Hedge Accounting by a First-time Adopter (Amendments to IFRS 1)	Exposure Draft	September 2023	
Annual Improvements to IFRS Accounting Standards—Transaction Price (Amendments to IFRS 9)	Exposure Draft	September 2023	
Annual Improvements to IFRS Accounting Standards—Disclosure of Deferred Difference	Exposure Draft	September 2023	

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Maintenance projects	Next milestone	Expected date	KPMG's guidance
between Fair Value and Transaction Price (Amendments to Illustrative Guidance accompanying IFRS 7)			
Annual Improvements to IFRS Accounting Standards—Lessee Derecognition of Lease Liabilities (Amendments to IFRS 9)	Exposure Draft	September 2023	

Application questions	Next milestone	Expected date	KPMG's guidance
Guarantee over a Derivative Contract (IFRS 9)	Tentative Agenda Decision Feedback	September 2023	
Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)	Tentative Agenda Decision Feedback	Q4 2023	
Homes and Home Loans Provided to Employees	Tentative Agenda Decision Feedback	September 2023	
Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)	Tentative Agenda Decision Feedback	September 2023	

Sustainability	Next milestone	Expected date	KPMG's guidance
ISSB Consultation on Agenda Priorities	Request for Information Feedback	Q4 2023	*Sustainability reporting resource centre*
International Applicability of the SASB Standards	Exposure Draft Feedback	September 2023	

Other projects	Next milestone	Expected date	KPMG's guidance
IFRS Accounting Taxonomy Update—Amendments to IAS 12, IAS 21, IAS 7 and IFRS 7	Proposed IFRS taxonomy update	September 2023	
IFRS Accounting Taxonomy Update—Common Practice (Financial Instruments) and General Improvements	Proposed IFRS Taxonomy Update	Q4 2023	
IFRS Accounting Taxonomy Update—Primary Financial Statements	Proposed IFRS Taxonomy Update	2024	
IFRS Sustainability Disclosure Taxonomy	Proposed IFRS Sustainability Disclosure Taxonomy	July 2023	

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Contact us

David Brownridge
Partner
647-777-5385
dbrownridge@kpmg.ca

Hakob Harutyunyan
Partner
416-777-8077
hakobharutyunyan@kpmg.ca

Gabriela Kegalj
Partner
647-777-8331
gabrielakegalj@kpmg.ca

Gale Kelly
Partner
416-777-3757
galekelly@kpmg.ca

Jeff King
Partner
416-777-8458
jgking@kpmg.ca

Allison McManus
Partner
416-777-3730
amcmanus@kpmg.ca

Mag Stewart
Partner
416-777-8177
magstewart@kpmg.ca

Alana Hudson
Senior Manager
416-468-7526
ajhudson@kpmg.ca

Keshav Mahendru
Senior manager
416-777-8746
kmahendru@kpmg.ca

kpmg.ca

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