



# Reporting News



March 2020

## Keeping you informed and up to date in the world of corporate reporting

This newsletter focuses on changes and developments in financial reporting, business reporting and business governance – which are included in this newsletter as they become available.

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### Financial Reporting

#### COVID-19 KPMG guidance

##### **Financial reporting resource centre on COVID-19**

KPMG's resource centre on Coronavirus (COVID-19) financial reporting requirements provides guidance on various accounting and financial reporting matters that may arise as a result of the COVID-19 pandemic. The key areas considered are:

- Are assets being carried at appropriate amounts?
- What are the key financial instruments impacts?
- What are the relevant going concern considerations?
- How should government assistance be accounted for?
- Are all liabilities fully recorded and properly presented?
- What is the impact on employee benefits?
- What is the impact on revenue cycle accounting?
- Have changes been made to lease contracts?

For more information, access the [resource centre](#).

##### **KPMG NZ's reporting news – COVID-19**

As the potential impacts of COVID-19 continue to evolve, various accounting estimates, which depend on future forecasts, could be impacted.

Examples on specific areas that may be impacted include; goodwill, onerous contract provisions, inventory, deferred tax assets, hedge accounting and expected credit losses. Read more details in KPMG NZ's [Reporting News – COVID-19 edition](#).

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#### ESMA and IASB guidance on the COVID-19 impact on reporting ECLs

The European regulator, ESMA, has issued guidance on reflecting governmental and related measures aimed at reducing the systemic impact of COVID-19 when measuring expected credit losses (ECLs) under IFRS 9 *Financial Instruments* (equivalent to NZ IFRS 9). Find out more in this [article](#).

Also read [IASB's statement on IFRS 9 and COVID-19](#) which addresses questions on the application of IFRS 9 arising from the COVID-19 pandemic.

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#### IFRS compared to US GAAP

Access KPMG's IFRS compared to US GAAP [guide](#). This edition highlights the key differences between the two frameworks, based on 2019 calendar year ends.

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#### IFRS 17 effective date deferred to 2023

The International Accounting Standards Board has decided to defer the effective date of IFRS 17 for another year to 1 January 2023 along with a decision to extend the temporary exemption to IFRS 9 Financial Instruments, granted to insurers who meet specified criteria, to 1 January 2023. Read KPMG's [article](#).

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#### IFRS Interpretations Committee (IFRIS IC) agenda decisions

IFRIS IC has recently issued final agenda decisions relating to:

- Training costs to fulfil a contract under IFRS 15, *Revenue from Contracts with Customers*; and
- Translation of a hyperinflationary foreign operation—presenting exchange differences; cumulative exchange differences before a foreign operation becomes hyperinflationary and presenting comparative amounts when it first becomes hyperinflationary.

These agenda decisions are viewed as additional guidance that provide new and persuasive information on the application of IFRS standards. The IASB expects companies to implement changes in accounting policy that result from such agenda decisions published by the IFRS IC in a sufficient time. Access the [IFRIS IC agenda decisions](#) and [IASB's article](#) on timeframe for adoption of such changes.

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### Business Reporting

#### Temporary relief by FMA and NZX

To weather the impacts of COVID-19, the Financial Markets Authority (FMA) and the New Zealand Stock Exchange (NZX) have announced temporary relief for NZX issuers and other FMC reporting entities.

This includes a provision of regulatory relief by granting an additional two months to the market participants to provide their audited financial statements. NZX provides up to an additional 30 days to prepare and release results announcements. Further, until 31 October 2020, NZX has permitted listed issuers an increase in equity capital raising capacity.

For more details, read [FMA's media release](#) and [NZX's announcement](#).

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#### Industry implications of COVID-19

Access KPMG's web page on [industry implications of COVID-19](#) to help businesses in key sectors understand the COVID-19 situation and how it may unfold in New Zealand.

These include sectors like Agri-Food, banking, construction, forestry, infrastructure, insurance, mid-market, property, retail, tourism, transport, leisure and hospitality.

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#### TCFDs: Environmental Risk Outlook 2020

The Verisk Maplecroft has released an article where it has emphasised the importance of TCFD's recommendations on climate risk disclosures. It has also highlighted the struggle by companies with elements of scenario analysis.

Read the [article](#) for more information.

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#### Reporting climate impacts

In this web article, the Institute of Directors has discussed the climate-related financial disclosures as a focus area for the reporting entities on the impacts of climate change on their own activities, and the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework proposal recommendations.

Access the web-article and TCFD's guide [here](#).

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### Business Governance

#### Dealing with COVID-19 – what boards can do

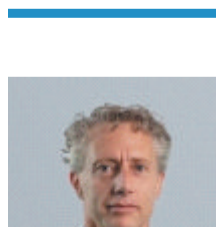
In this article, the Institute of Directors (IoD) has provided insights for directors on how to deal with COVID-19

Read the [article](#).

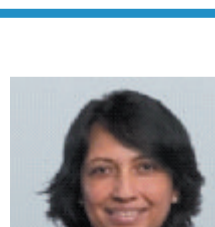
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#### Guide for New Zealand business executives and Directors – COVID-19

Read KPMG's guide for [New Zealand business executives and directors](#) on the potential impacts of COVID-19 on key sectors of the New Zealand economy.



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