



Reporting News

May 2021

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.

Financial Reporting

NZ IFRS 16 Leases – Rent concessions

NZ IFRS 16 has been amended to extend the availability of the practical expedient in NZ IFRS 16 which permits lessees to elect not to assess whether particular covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient account for those rent concessions as if they were not lease modifications. Tier 2 entities are required to comply with all the requirements in this Standard.

KPMG's updated "[Leases – Rent concessions \(2021 edition\)](#)" publication contains practical guidance and examples illustrating how a company identifies rent concessions that qualify for the practical expedient and how to account for them.

IFRS Interpretation Committee's (IFRIC's) final agenda decisions:

Cloud computing arrangement

The [IFRIC agenda decision](#) considered the accounting treatment for implementation costs in a cloud computing arrangement under IAS 38 Intangible Assets. The decision discusses:

- whether the customer recognises an intangible asset in relation to configuration or customisation of the application software, and
- if an intangible asset is not recognised, how the customer accounts for the configuration or customisation costs?

Attributing Benefit to Periods of Service

The finalised IFRIC agenda decision considered the periods of service to which an entity attributes benefit for a particular defined benefit plan under IAS 19, *Employee Benefits*.

Read this [IFRIC agenda decision](#) published in May 2021 to find out more

Hedging Variability in Cash Flows due to Real Interest Rates

This [IFRIC agenda](#) decision published in May 2021 discusses the guidance on hedging variability in cash flows due to real interest rates (IFRS 9, *Financial Instruments*) on:

- Hedge accounting requirements in IFRS 9, and
- Whether a non-contractually specified real interest rate risk component be designated as the hedged item in the proposed cash flow hedging relationship?

Business Reporting

Climate disclosures at the banks

- Read KPMG's publication on [climate disclosures of the banks in 2020](#) and KPMG's [article](#) for an overview of current climate disclosure practices of banks in terms of their alignment with the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). This offers insights to those who have a responsibility for preparing and assessing the climate disclosures of a bank.
- Find out about climate-related financial risk on banking supervision in terms of measurement methodologies and transition risks in Basel Committee's analytical [reports](#).



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