

October 2022

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

Welcome to the October edition of Reporting News. Set out below are the latest changes and developments in financial reporting, business reporting and business governance.

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## Financial Reporting

### KPMG's essential guides to annual reporting under IFRS (equivalent to NZ IFRS)

The KPMG's 2022 guides to annual financial statements comprising [Illustrative disclosures](#) and a [Disclosure checklist](#) are now available. It reflect IFRS standards in issue at 31 August 2022 that are required to be applied by a company with an annual reporting period beginning on 1 January 2022.

These guides are prepared by KPMG's International Standards Group which focuses on compliance with IFRS Standards only, it does not cover the New Zealand specific reporting requirements.

Access this [link](#) for more information.

### Revisions to the IESBA Code

The International Ethics Standards Board for Accountants (IESBA) has made revisions to the International Code of Ethics for Professional Accountants, which has an effective date of 15 December 2022.

The revision has brought about substantive changes for KPMG's public interest entity audit clients, which include:

- The need to obtain pre-approval from Those Charged With Governance for all non-assurance services;
- Blanket prohibition of non-assurance services creating a self-review threat;
- Removal of materiality as a factor in determining the permissibility of providing a non-assurance service;
- Number of changes to provisions relevant to specific non-assurance service types; and
- New disclosure requirements relating to fees.

We encourage you to familiarise yourself with the changes if KPMG audits your public interest entity. Although not effective until 15 December 2022, action will be required before then to establish a non-assurance services pre-approval policy.

Look out for further information on the revised Code in audit plans being issued from now on. If you have any queries, please reach out to your Audit Partner. The amendments to PES-1 can be accessed from the XRB site [here](#).

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

#### **Multi-currency Groups of Insurance Contracts (IFRS 17 Insurance Contracts and IAS 21 The Effects of Changes in Foreign Exchange Rates)**

This [IFRIC agenda decision](#) discusses whether the currency risk is considered when applying IFRS 17 Insurance Contracts to identify portfolios of insurance contracts. In addition, how an entity applies IAS 21 in conjunction with IFRS 17 in measuring a group of insurance contracts with cash flows in more than one currency.

#### **Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition**

The finalised IFRIC agenda decision consider how the entity accounts for warrants on acquisition of a special purpose acquisition company (SPAC). Read this [IFRIC agenda decision](#) to find out more.

#### **Lessor Forgiveness of Lease Payments (IFRS 9 Financial Instruments and IFRS 16 Leases)**

This [IFRIC agenda decision](#) published in October 2022 discusses lessor's application of IFRS 9 and IFRS 16 in accounting for a particular rent concession.

#### **Lease liability in a sale-and-leaseback**

The International Accounting Standards Board (IASB) recently issued amendment to IFRS 16 Leases, which clarify how a company accounts for a sale and leaseback after the date of the transaction.

This amendment introduces a new accounting model for variable lease payments that applies retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. At the time of issue of this edition of the Reporting News the Amendment had not yet been approved in New Zealand.

Read KPMG's [article](#) to find out more.

#### **Acquiring insurance contracts**

KPMG recently published its [acquiring insurance contracts talk book](#) that helps you understand and prepare for the changes to accounting for acquired insurance contracts under IFRS 17. Access this [article](#) to find out more.

#### **Accounting for electronic payments**

The International Accounting Standards Board (IASB) has decided to explore narrow-scope standard setting on electronic payments as part of its post-implementation review of IFRS 9 Financial Instruments. Read this [article](#) to find out more.

#### **Moving to hybrid working**

The COVID-19 pandemic has changed working practices which increase the hybrid working arrangement. Therefore, the changes in the expected use of office space could have significant accounting consequences. KPMG's guide to [testing leased office space for impairment](#) includes ten questions to help you assess and address the potential impacts. Access this [article](#) to find out more.

#### **Consistency in disclosure of expected credit losses**

The UK Taskforce on Disclosures about Expected Credit Losses (DECL Taskforce) has issued its third report, which amends its recommendations for a complete set of high quality ECL disclosures. These recommendations aimed at large UK banks but are expected to have global influence. Read this [article](#) to find out more.

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## Business Reporting

### Considering climate impacts in financial statements

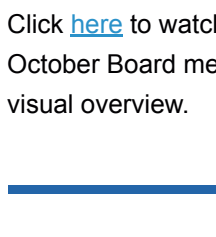
The New Zealand External Reporting Board (XRB) has released its latest insights that considers the climate impacts in financial statement. Read this [article](#) for further information and links to helpful resources.

### Sustainability reporting

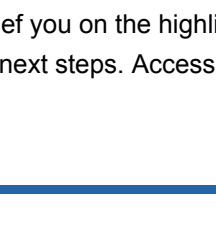
The International Sustainability Standards Board (ISSB) recently discussed how to ensure that the final standards are 'scalable' or feasible for all types of global companies to adopt as well as the complex area of financed and facilitated emissions. Access this [overview](#) for the progress of the work on the proposed IFRS Sustainability Disclosures Standards in September 2022.

Read KPMG's analysis and insight of the discussion on [scalability](#) and [financed and facilitated emissions](#) to find out more.

Click [here](#) to watch KPMG's video that brief you on the highlights of the ISSB October Board meeting and consider the next steps. Access [here](#) for a high level visual overview.



**Simon Lee**  
Technical Director  
KPMG

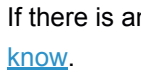


**Marcia Smith**  
Director  
KPMG

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## Feedback

If there is anything you would like to see more or less of in these updates, [let us know](#).



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