

July 2023

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

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

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Keep an eye out for our short Reporting News survey in mid-August which will help us to ensure that you receive the information you need for your organisation's financial and sustainability reporting.

## Financial Reporting

### Simpler reporting for not for profits

The New Zealand External Reporting Board (XRB) has published a short [animation](#) that explains how to use the new reporting template for small (Tier 4) charities. The [web page](#) for small charities includes the Standard, guidance, and templates to help prepare financial statements.

For Tier 3 Charities, access the XRB's [explanatory guide](#) that outlines what has changed in the new Tier 3 Standard.

### International Tax reform – Pillar Two Model Rules

The NZ ASB has approved [amendments to NZ IAS 12 relating to International Tax Reform – Pillar Two Model Rules](#). The amendment sets out a temporary mandatory exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Application of the amendments is required for accounting periods which begin on or after 1 January 2023 but have not ended or do not end before 10 August 2023, except for paragraphs 4A and 88A (which relates to the temporary exception) which is required from 10 August 2023 onwards. Access KPMG article on Global minimum top-up tax [here](#).

### KPMG's updated guide to interim reporting

KPMG's guide to condensed interim financial statements ( June 2023 edition) [illustrative disclosures](#) has been updated to illustrate the disclosures related to International Tax Reform – Pillar Two model Rules - Amendments to IAS 12 *Income Taxes* issued in May 2023.

### Insurers' first reporting under IFRS 17 and IFRS 9

KPMG has released its publication [Insurers' first reporting under IFRS 17 and IFRS 9](#) that share observations on selected insurers' first interim reports and trading updates for the quarter ended 31 March 2023. Access [here](#) to for more information.

### IFRS 15 – Review of revenue requirements

The International Accounting Standards Board (IASB) is undertaking a [post-implementation review \(PIR\)](#) of IFRS 15 Revenue from Contracts with Customers.

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

### Accounting for carbon credits

NZ IFRS does not contain specific guidance on accounting for carbon credits, companies that purchase carbon credits need to carefully consider the specific facts and circumstances when determining the appropriate accounting under IFRS® Accounting Standards. Read KPMG's [article](#) to find out more.

## Business Reporting

### Time to get ready for the Incorporated Societies Act 2022

The Institute of Director's New Zealand has recently published an [article](#) relating to implementation guidance for the new Incorporated Societies Act, which comes fully into force on 5 October 2023.

The information about the new financial reporting requirements that are part of the incorporated society law changes can be accessed from [here](#).

## Sustainability news

### Ministry for the Environment updates guidance to measuring GHG emissions

The suite of seven documents *Measuring emissions: A guide for organisations* is for New Zealand entities that measure and report their greenhouse gas (GHG) emissions. It includes a [detailed guide](#) and the latest [2023 emissions factors summary](#), as well as interactive workbooks, an example GHG inventory and an example GHG report. The emission factors primarily use IPCC AR 5 Global Warming Potential values.

### FMA publishes scenario analysis sheet for climate-related disclosures (CRD) regime

Climate Reporting Entities under the new regime must undertake scenario analysis and disclose the process in their annual climate statements. The [information sheet](#) explains the FMA's expectations for the disclosures set out in the XRB Aotearoa New Zealand Climate Standards.

### International Sustainability Disclosure Standards - How do they affect New Zealand reporters?

The International Sustainability Standards Board (ISSB) issued the first two IFRS Sustainability Disclosure Standards on 27 June. You can find an overview of the international standards and KPMG's first impressions [here](#).

In New Zealand, we have our own [Climate Standards](#) that are effective from December 2023. The XRB aims to issue a comparison document between the international standards and the Aotearoa New Zealand Climate Standards by September 2023. Currently there is no expectation of New Zealand disclosure requirements changing in response to the new standards.

New Zealand entities could be impacted through group reporting requirements in jurisdictions that adopt the international standards, or versions thereof.

### Other global updates on climate-related reporting

#### Developments in Australia

The Australian regulatory environment is developing at a growing pace with the Australian Treasury issuing a [2nd consultation paper](#) on a proposed regulatory framework for climate-related reporting, with phased assurance requirements. This [paper prepared by KPMG](#) provides an overview of developments and a summary of the key consultation points.

#### IFRS updates educational material

IFRS has updated its [educational material](#) on the effects of climate-related matters on financial statements. IFRS Accounting Standards do not refer explicitly to climate-related matters. However, they require companies to consider climate-related matters in their financial statements if the effects of those matters are material. These requirements are not limited to Climate Reporting Entities and are of particular importance to all Tier 1 and Tier 2 reporting entities.

#### KPMG Podcast – impacts of net-zero commitments

This [episode](#) takes a look at leading practice, including how net-zero commitments impact an entity's financial reporting, and why it's important to tell a connected net-zero story in the front and back of your annual report. It of particular interest for entities developing their first climate statements.

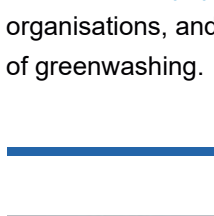
#### KPMG Insights: Spotlight on global financial services

#### KPMG 2022 Global Survey of Sustainability Reporting

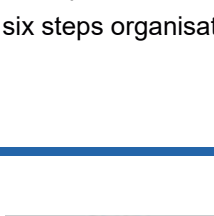
With increased transparency comes greater accountability around reducing emissions, halting biodiversity loss, and tackling societal inequality. [This report](#), drawn from KPMG's 2022 Global Survey of Sustainability Reporting provides insight into the challenges faced by financial services organisations and common practices underway globally.

#### Global crackdown on greenwashing

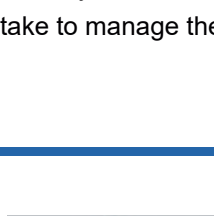
Whilst fines are being imposed by Courts around the world, the commercial and reputational damage that comes with being accused of or perceived as greenwashing is perhaps a greater cost, and the [spotlight is on financial services](#). This [paper](#) shares examples of the dilemmas faced by financial service organisations, and includes six steps organisations can take to manage their risk of greenwashing.



**Simon Lee**  
Technical Director  
KPMG



**Marcia Smith**  
Director  
KPMG



**Sanel Tomlinson**  
Principal  
KPMG

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KPMG New Zealand:  
18 Viaduct Harbour Avenue  
PO Box 1584  
Auckland 1140  
T: +64 9 367 5800

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## Feedback

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KPMG New Zealand:  
18 Viaduct Harbour Avenue  
PO Box 1584  
Auckland 1140  
T: +64 9 367 5800

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