



Reporting News



Issue 2

19 April 2017

Dear

Welcome to KPMG's *Reporting News*, a regular summary of publications on reporting matters from KPMG

Reporting News aims to keep you informed about financial reporting developments and includes the following principal newsletters:

- *Reporting Updates* published by KPMG New Zealand, which focus on the application of IFRS in the New Zealand financial reporting environment, legislative and regulatory changes, and other New Zealand-specific reporting topics.
- *Web articles* and other publications from KPMG's International Standards Group, which provide timely updates on developments concerning IFRS.

KPMG International Publications

New standards – 10 questions for audit committees

In a matter of months, the biggest changes in accounting for more than a decade will come into effect. However, our research shows that the vast majority of companies aren't ready.

Progress varies by geography and by industry. But overall, it's clear that a considerable amount of work still needs to be done.

Audit committees have a crucial part to play in implementing new standards, including setting the tone at the top and overseeing implementation. In our [latest blog post](#), Mark Vaessen, Global Head of IFRS, examines what audit committees need to do, and proposes some questions to help focus discussion with management.

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Your essential guides to interim reporting

Our *Guides to condensed interim financial statements* – incorporating [illustrative disclosures](#) and a companion [Disclosure checklist](#) – helps clients to prepare their condensed interim financial statements in accordance with IFRS.

They include an illustration of how an entity might describe the possible impact of the adoption of the new standards in its interim financial statements.

These updated guides reflect standards in issue at 15 March 2017 that are required to be applied by an entity with an annual reporting period beginning on 1 January 2017.

Financial instruments: Impairment - Revolving credit facilities

When measuring expected credit losses under IFRS 9 for revolving credit facilities – such as credit cards – determining the period of exposure presents challenges.

At its February meeting, the IASB discussed a summary of the requirements of IFRS 9 that apply to this issue – highlighting three factors that entities are required to consider when determining the period of exposure.

Find out more in our latest [newsletter](#).

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Insurance – Making the finishing touches

With the decisions made by the IASB in February, the publication of IFRS 17 is right around the corner.

The IASB addressed issues arising from the feedback it received from the external testing and drafting process of the forthcoming insurance contracts standard. It made decisions on a level of aggregation exemption, recognition of changes in estimates and release of the CSM, as well as a few other sweep issues. The staff expect to issue IFRS 17 in May 2017. Find out more in this month's [newsletter](#).

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Operating segments – Responding to the review of IFRS 8

The IASB has issued proposed amendments to IFRS 8 *Operating Segments*. The ED seeks to address the concerns of preparers, regulators and users of financial statements raised during the Board's Post-implementation Review (PIR).

Although the PIR concluded that the standard generally works well, it identified several areas for improvement. Read our [web article](#) to find out more.

Comments are due to the IASB by 17 June 2017.

New revenue standard – Sector briefings for clients updated

We've updated our range of global sector briefings on IFRS 15 to help you discuss the key impacts and potential next steps with your clients and targets – particularly those who have yet to engage or are in the early stages of implementation.

Sectors covered include telecoms, housebuilding, food, drink and consumer goods, insurance, investment management, oil & gas, power & utilities and transport.

Visit our [Revenue topic page](#) to download the updated flyers or contact KPMG's Accounting Advisory Services team for additional information.

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Tier 1 and Tier 2 For-profit Entities Better Communication in Financial Reporting

As part of its work on Better Communication in Financial Reporting, the International Accounting Standards Board (IASB) has issued Discussion Paper DP/2017/1 Disclosure Initiative—Principles of Disclosure. The Discussion Paper (DP) proposes disclosure principles that can be used to improve the communication of information in financial statements.

The DP seeks feedback on disclosure issues that the IASB has identified, as well as preliminary proposals to resolve these issues.

Through outreach, the IASB identified three main concerns about information contained in financial statements, which are:

- not enough relevant information;
- too much irrelevant information or disclosure overload; and
- ineffective communication of information.

The IASB believes that the development of clear principles governing what, how and where information should be disclosed in the financial statements will improve the information provided to users of financial statements.

Some specific suggestions in the DP include:

- seven principles of effective communication, which could be included in a general disclosure standard or described in non-mandatory guidance;
- possible approaches to improve disclosure objectives and requirements in IFRS Standards; and
- principles of fair presentation and disclosure of performance measures and non-IFRS information in financial statements, to ensure that such information is not misleading.

The staff of the New Zealand Accounting Standards Board (NZASB) have contributed to the DP by developing one possible approach that the IASB could use for drafting disclosure objectives and requirements in IFRS Standards. The DP seeks feedback on this approach.

Ultimately, it is expected that the DP could lead to amendments to IAS 1, the Standard covering general disclosure requirements, or the development of a new general disclosure Standard. The DP could also lead to the development of supporting guidance/education material.

The DP is relevant for Tier 1 and Tier 2 for-profit entities. It is also relevant to auditors, regulators and other interested parties that are involved in financial reporting.

The XRB will be holding outreach events in the near future. Please watch out for a separate communicate with the XRB for details of these events.

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Please speak to your usual KPMG contact or call any of our offices should you have any questions on the above or if you would like further information on any of the matters discussed in this publication.

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