



FUELLING
PROSPERITY

Keeping in touch

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:

- *New Zealand Reporting Updates*, 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.
- *International Accounting Updates* which includes information from the International Accounting Standards Board (IASB) and International Public Sector Accounting Standards Board (IPSASB); and
- *KPMG Web Articles and Publications*, which provide timely updates on developments concerning IFRS.

New Zealand Reporting Updates

Standards approved for issue by the XRB

The XRB has approved the following standards for issue:

- [2018 Omnibus Amendments](#) to PBE Standards (Tier 3 and 4).
- [RDR NZ IFRS 16](#); and
- [RDR NZ IAS 7](#).

The XRB has issued the following exposure drafts for public comment:

- [2018 Omnibus Amendments](#) to PBE Standards (Tier 1 and 2).

Disclosure of significant accounting estimates

After recent reviews by the FMA of a number of financial statements revealed a lack of disclosure in significant accounting estimates and assumptions. The

FMA has compiled an [information sheet](#) which explains the FMA's expectations on disclosure of significant accounting estimates.

International Accounting Updates

IAS 32: Financial instruments with characteristics of equity

IAS 32 Financial Instruments: Presentation sets out how an issuer distinguishes between a financial liability and equity and works well for many, simpler financial instruments. However, classifying more complex financial instruments under IAS 32 – e.g. those with characteristics of equity – can be more challenging, leading to diversity in practice.

In response, the International Accounting Standards Board published a [Discussion Paper](#) outlining a suggested approach to helping companies issuing financial instruments to classify them as either debt or equity and providing investors with better information about such instruments.

The IASB has also made a [summary](#) of the Discussion Paper available.

For more information on this topic, KPMG have provided an [overview](#) of the Discussion Paper that sets out the Board's preferred approach to classification of a financial instrument from the perspective of the issuer as a financial liability or an equity instrument.

IFRS 9 *Financial Instruments*

The IASB has published a new educational webcast about IFRS 9 *Financial Instruments*. Have a look at the [webcast](#) which offers insight on how to apply IFRS 9 to financial assets with prepayment features.

IFRS 17 *Insurance Contracts*

Reducing the gap between insurance and other industries

The IASB has released this [article](#) which outlines the similarities between the following key requirements in IFRS 17 and those in other IFRS Standards:

- the measurement of obligations at current value; and
- the recognition of revenue as a company provides services to its customers.

Insurance contracts issued by mutual entities

The IASB has published educational materials for insurance contracts issued by mutual entities.

Have a look at their [12-page document](#) which covers:

- what a mutual entity is;
- accounting for contracts issued by a mutual entity; and

— whether a mutual entity could have equity.

Pocket guide on reinsurance contracts

The IASB has published a pocket guide on reinsurance contracts held and a simple example of a reinsurance contract held.

The pocket guide includes insights on implementing IFRS 17, and the simple example illustrates the requirements as far as it applies to reinsurance contracts.

The pocket guide and simple example can be viewed [here](#).

KPMG Web Articles and Publications

IFRS 17: Contractual service margin issues

In the third podcast of the series, Joachim Kölschbach (KPMG's global IFRS insurance leader), Mary H. Trussell (KPMG's Global Lead Partner for Insurance Change) and Bryce Ehrhard (Senior Manager in KPMG's International Standards Group) look at the issue of contractual service margin allocation under the new insurance contracts standard.

See the podcast [here](#).

Introducing blockchain and cryptocurrencies

IFRS Today – KPMG's podcast series on IFRS and financial reporting – aims to help you and your clients embed and explain the many changes currently under way across the financial reporting landscape.

[Episode 4](#) talks us through blockchain and cryptocurrencies – both topics generating a lot of noise in business circles.



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