



Reporting News



Reporting News - Issue 3, 2017

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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.

In this issue

- Key Audit Matters
- NZ IFRS 15: *Revenue*
- NZ IFRS 16: *Leases*
- Combined and/or carve out financial statements

KPMG NZ Specific Publications

Key Audit Matters

The **Key Audit Matters: Auditor's report snapshot** provides our insights and observations on Key Audit Matters (KAMs) from published audit reports of 16 entities. Our analysis highlights the top four KAM topics, representing over 60 percent of all KAMs communicated. It provides industry specific observations and deep-dive analysis, sharing patterns you may not have expected.

Including Key Audit Matters in audit reports of listed entities results from a new auditing standard, adopted for 31 December 2016 year ends and onwards. It is the biggest change auditors have seen to the auditing standards since the introduction of the clarity standards in 2004. The platform for change was to provide insights to shareholders on the performance of the audit, previously only viewed by those in the board room. We analysed those entities in the NZX with 31 December 2016 year ends.

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KPMG International Publications

New IFRS 15: *Revenue* – Are you good to go?

Getting to the finish line

The clock is ticking. In a matter of months, the new revenue recognition standard – IFRS 15 – will change the way that many sectors account for sales contracts.

You need to drive your IFRS 15 implementation projects to the finish line.

Our series of “*Are you good to go?*” publications, gives you what you need. We’ll be issuing these publications regularly from now until July.

About the series

Our sector-specific Slide Shares for IFRS 15 will cover a dozen sectors, starting with real estate developers. They will outline the key considerations that you need to focus on when implementing IFRS 15. To date we have published the following sector specific guidance:

- [Real Estate Developers](#)
- [Construction companies](#)
- [Aerospace and defence](#)
- [Retail](#)
- [Pharmaceuticals](#)

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IFRS 16: *Leases* – Lease definition

The new on-/off-balance sheet test

Under the new leasing standard, IFRS 16, lease definition becomes the key on-/off-balance sheet test.

In many cases, assessing whether there is a lease will be straightforward and a transaction that is a lease today will be a lease under the new standard. But this will not always be the case.

Identifying all lease agreements and extracting all key data may require substantial effort. The practical expedient to grandfather the lease definition on transition may prove popular.

Our Lease Definition publication will help you identify leases as you prepare to adopt IFRS 16. It provides a detailed analysis of the key elements of the lease definition, together with KPMG’s insights and examples.

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Combined and/or carve-out financial statements

We’re delighted to share our latest thinking and insight. Companies are often required to provide combined and/or carve-out financial statements because they provide relevant and useful information. However, answers to questions about these financial statements have not always proven to be consistent around the globe.

Our guide to combined and/or carve-out financial statements aims to highlight practice where IFRS is applied consistently globally. It also aims to draw attention to those areas in which we have observed diversity in the application of IFRS.

This [guide](#) provides an overview of approaches to preparing these statements, as well as examples of real disclosures

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