



Reporting News

Welcome to KPMG's Reporting News, keeping you informed and up to date in the world of corporate reporting

This newsletter focuses on changes and developments in financial reporting, business reporting and business governance. These changes and developments are included in the Reporting News as and when available.

May 2019

Financial Reporting

- [FMA's focus areas for financial reporting reviews in 2019-2020](#)
- [Essential guides to interim reporting](#)
- [Holding of Cryptocurrencies – Accounting and Tax](#)
- [IFRS 17 Insurance contracts – Finalising the proposal](#)
- [IFRS podcasts – Brexit and financial reporting](#)
- [IBOR reform – How would the proposed relief be applied?](#)
- [PBE IPSAS 41, Financial Instruments supersedes PBE IFRS 9 and most of PBE IPSAS 29](#)
- [Implementation period for an agenda decision published by IFRIC](#)
- [Analysing lessee financial statements and Non-GAAP performance measures](#)

Business Governance

- [Top five issues for directors in 2019](#)
- [Misconduct in the Australian financial industry – what can New Zealand boards learn?](#)

Financial Reporting

FMA's focus areas for financial reporting reviews in 2019-2020

The Financial Markets Authority (FMA) has outlined an approach to financial reporting reviews and emphasised on selected areas of interest for 2019-20 reviews.

Specifically, FMA will focus on - significant accounting judgments and sources of estimation uncertainty, accounting impact arising from implementation of new accounting standards, disclosure of Non-GAAP financial information and documentation which supports accounting considerations, decision-making, and conclusions in the financial statements.

Refer [here](#) to read the article.

Essential guides to interim reporting

For most companies, condensed interim financial statements will be the first opportunity to communicate the nature and effect of the change after the date of initial application of IFRS 16 *Leases*.

Although there are no new disclosures introduced by IFRS 16 that are explicitly required in condensed interim financial statements, entities will have to apply significant judgement in determining how much additional disclosure is necessary to meet the objectives of IAS 34.

- KPMG's [2019 interim illustrative disclosures](#) illustrate one possible way of providing these disclosures for an entity that applies IFRS 16 using the modified retrospective method.
- The accompanying [interim disclosure checklist](#) helps companies to identify the disclosures that may be required in condensed interim financial statements.

Holding of Cryptocurrencies – Accounting and Tax

The use of cryptoassets is on the rise, not just as direct investments but also throughout companies' supply chains. The associated risks for businesses can take many forms and accounting, tax and regulatory bodies are stepping up their efforts to drive consistent practice in this area.

To help you understand the potential accounting and tax impacts, refer to the publication – [Accounting for cryptoassets – What's the impact on your financial statements?](#)

IFRS 17 Insurance contracts – Finalising the proposal

Discussions about possible amendments to address stakeholders' concerns and implementation challenges have now concluded, giving insurers more clarity about proposed changes to IFRS 17 *Insurance Contracts*.

At its April 2019 meeting, the International Accounting Standards Board ("IASB" or "the Board") confirmed that it will propose that IFRS 17's effective date be deferred to 2022. An exposure draft to amend IFRS 17 is expected to be published in late June 2019. The Board also proposed some additional clarifying amendments to some of IFRS 17's requirements.

The article can be accessed [here](#).

IFRS podcasts – Brexit and financial reporting

Introduction of Brexit may have far-reaching impacts (for example – supply chain, customer demand, taxes etc.) on a company which has any exposure direct or indirect – to the United Kingdom (UK). Brexit may impact a company's balance sheet, profit or loss and KPIs.

It is important for audit committees to understand the potential impacts and ensure that they are properly reflected in the 2019 annual reports and any related disclosures are clear and company-specific.

[Brexid Podcast - I](#) and [Brexid Podcast- II](#) discuss what Brexit means or could mean for the annual report and some of the specific international financial reporting challenges arising from Brexit.

IBOR reform – How would the proposed relief be applied?

IASB had previously tentatively decided to amend the financial instruments standards – IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement* – to provide limited relief regarding financial instruments qualifying for hedge accounting in the lead up to interbank offered rates (IBOR) reform.

The Board made further tentative decisions at its March meeting clarifying how the initial relief would be applied and when it would end.

Read the article [here](#).

PBE IPSAS 41, Financial Instruments supersedes PBE IFRS 9 and most of PBE IPSAS 29

New Zealand Accounting Standard Board (NZASB) has issued PBE IPSAS 41, *Financial Instruments* which is effective for annual periods beginning on or after 1 January 2022, with an early adoption option. PBE IPSAS 41 will supersede PBE IFRS 9, *Financial Instruments* and most of PBE IPSAS 29, *Financial Instruments: Recognition and Measurement*.

The entities which previously applied PBE IFRS 9 but decide to early adopt PBE IPSAS 41 shall apply the transition provisions provided under PBE IPSAS 41.

Refer [here](#) for reading PBE IPSAS 41.

Implementation period for an agenda decision published by IFRS Interpretation Committee (IFRIC)

In December 2018 the Board confirmed its view that it expects companies to be entitled to sufficient time to implement changes in an accounting policy that result from an agenda decision published by IFRIC.

The agenda decision clarified that any inconsistency in application of IFRS standards and the agenda decisions does not necessarily have a prior period error. Also, the agenda decision reflects the expectations of what is reasonable for preparers, to assist companies in implementing any such change and, ultimately, to support consistent application of IFRS standards by facilitating accounting policy changes.

Read the article [here](#).

Analysing lessee financial statements and Non-GAAP performance measures

Free Cash Flow (FCF) is one of the most commonly used non-GAAP measures by investors in their analysis. [In this publication](#), IASB highlighted attributes of FCF measures reported by lessees that limit comparability with FCF measures reported by companies that buy assets.

Business Governance

Top five issues for directors in 2019

The Institute of Directors (IoD) in New Zealand has identified five issues that should be top of mind for directors in 2019, which are – culture and conduct, climate change, future of work, mental health and wellbeing in workplace and compliance that matters.

Read the article [here](#).

Misconduct in the Australian financial industry – what can New Zealand boards learn?

The long awaited Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services industry in Australia has been released.

It is uncertain the extent to which the recommendations for reform in Australia will have a flow on effect in New Zealand. However, the Government (after receiving reports on conduct and culture in our banking and insurance industry) has signalled that it will fast track customer protection measures across the financial sector.

IoD highlights key governance related findings in the report that are relevant to all boards and directors in New Zealand. Read the article [here](#).



[Legal](#) | [Privacy](#) | [kpmg.com/nz](#)

Want to change how you receive these emails? You can update [your preferences](#) or [unsubscribe](#) from this list.

KPMG NZ Head Office:
18 Viaduct Harbour Avenue
PO Box 1584
Auckland 1140
T: +64 9 367 5800

Copyright ©2019 KPMG, a New Zealand partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.