



# Reporting News

July 2020

## 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 – which are included in this newsletter as they become available.

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### Financial Reporting

#### Lease term – How long is the lease?

Determining the lease term is a critical estimate. KPMG's publication "[Lease term – How long is the lease?](#)" includes practical guidance, examples and discusses how to navigate the links between written contracts, laws and regulations and penalties. Find out more in this [article](#).

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#### The New Zealand Accounting Standards Board (NZASB) Update

The following amending standards are effective for annual reporting periods beginning on or after 1 January 2022 (with early application permitted).

- Property, Plant and Equipment—Proceeds before Intended Use (NZ IAS 16)

An entity is prohibited from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Such sales proceeds and related costs are recognised in profit or loss.

- Onerous Contracts—Cost of Fulfilling a Contract (NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets)

This specifies which costs are included in determining the cost of fulfilling a contract, for the purpose of assessing whether the contract is onerous.

- Annual Improvements to NZ IFRS 2018–2020

- Reference to the Conceptual Framework

Access this update from [NZASB](#).

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#### Accounting Matters - COVID 19

##### **Presentation of the impacts in the income statement**

Read this [guidance](#) that focuses primarily on how companies might present COVID-19 impacts on financial performance in the income statement.

##### **IFRS Today podcasts**

Accounting for provisions – Access this [podcast](#) where Irina Ipatova and Ian Greenwood provide a reminder of what can and can't be provided for when capturing the impact of COVID-19 in the income statement.

##### **How is a hedge of interest rate risk impacted by a payment holiday?**

Read this [web article](#) to understand the impact of a payment holiday on a hedging relationship which depends on the nature of the payment holiday and the type of hedge.

##### **New Accounting Tool Available for Governments to Better Understand Impacts of COVID-19 Interventions**

Access COVID-19 intervention assessment tool to apply best practices in public sector accounting when analysing COVID-19-related intervention programs. This tool is published by the International Federation of Accountant (IFAC) and the Zurich University of Applied Science (ZHAW), in partnership with IPSASB and includes:

- a step-by-step process to help assess and evaluate various types of government interventions related to the COVID-19; and
- how it can support the pathway to accrual IPSAS for governments.

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### Business Reporting

#### The International Public Sector Accounting Standards Board (IPSASB) Staff Q&A Addresses Climate Change

The IPSASB Staff have published a Questions & Answers (Q&A) document highlighting the relevant standards and guidance for the public sector on climate change. These include:

- Is there any existing IPSASB literature relevant to consider for climate change reporting?
- When governments or public sector entities have strategies and programs in place to manage climate change risks, how should these be treated?

Access the [article](#) and [Q&A document](#).

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### Business Governance

#### Culture is critical to success – Five questions for boards

Read [this article](#) by Institute of Directors (IoD) which discusses importance of culture as the organisations navigate overcome COVID-19 effects.



**Simon Lee**  
Technical Director  
KPMG Auckland



**Gayani Dias**  
Director  
KPMG Auckland



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

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