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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:

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

### KPMG Web Articles and Publications

#### ***Guides to annual financial statements***

In just one month, December year-end companies will face a big challenge – their first annual reports under IFRSs 9 and 15, the new standards on financial instruments and revenue.

At the same time, they'll need to keep one eye on IFRS 16, the new leases standard, and disclose the expected impacts.

To help clients with their final preparations, KPMG has issued a range of new materials. The 2018 editions of our guides to annual financial statements have been updated for IFRSs 9 and 15 and also includes example disclosures on the possible impacts of IFRS 16. The guides can be accessed [here](#).

#### ***IFRS 15 for investment managers***

With December year-end fast approaching and first-time annual reporting under the new revenue standard, KPMG has updated its IFRS 15 for investment management companies with more guidance and examples.

The application guidance can be accessed [here](#).

### ***Insurance – Latest TRG discussions on IFRS 17 transition issues***

The new insurance contracts standard, IFRS 17, continues to raise a variety of important implementation questions from stakeholders.

Please refer to [Insurance – Transition to IFRS 17](#) which provides a summary and analysis of the topics discussed at the TRG's September meeting.

### ***IFRS 17- Proposed one-year deferral aims to aid implementation***

A one-year deferral of IFRS 17's effective date to 1 January 2022 looks likely following the tentative decisions made at the IASB's November meeting where it was acknowledged that uncertainty about the effect of any potential amendments to IFRS 17 could disrupt insurers' preparation.

The optional temporary exemption from applying IFRS 9 *Financial Instruments* granted to insurers could also be extended to 2022.

Read full [web article](#) to find out more.

### ***IFRS 3 – Clarifying what a business is***

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations that seek to clarify this matter.

Although the clarification and narrowing of the current, vague definition of a business is welcome, some of the new tests are quite complex.

KPMG web article can be accessed [here](#).

### ***Applying materiality when preparing financial statements***

The IASB has issued '[Definition of Material \(Amendments to IAS 1 and IAS 8\)](#)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

### ***European Regulator's enforcement priorities for 2018***

The European regulator, ESMA, has issued a statement highlighting the common areas that European national regulators will be focusing on when reviewing listed companies' 2018 annual financial reporting.

The key areas of focus cover application of the new revenue and financial instruments standards, as well as transparent disclosure of the expected impact of IFRS 16 Leases.

Although the topics included in ESMA's statement are those deemed to be most relevant at a European level, regulatory bodies outside of Europe are also likely to take notice, and to pay particular attention to many of the same topics.

Read full [web article](#) to find out more.

## **New Zealand Reporting Updates**

## ***PBE Combinations***

The New Zealand Accounting Standards Board (NZASB) has issued for comment NZASB ED 2018-4 PBE IPSAS 40 *PBE Combinations*. It sets out proposals for accounting for amalgamations and acquisitions that would replace the current requirements in PBE IFRS 3 *Business Combinations*.

There are some significant differences between the proposals in the ED and the requirements in PBE IFRS 3. This ED:

- has a broader scope than PBE IFRS 3; and
- proposes to establish requirements for both amalgamations and acquisitions.

Information can be accessed [here](#).

## ***Determining whether you are acquiring a business or assets***

Under the Financial Markets Conduct Regulations 2014, issuers making regulated offers of debt and equity securities are required to provide investors with a Product Disclosure Statement (PDS) that contains prescribed financial information for recent or proposed business acquisitions.

This [guidance](#) sets out FMA's view of what constitutes a 'business' for these purposes, as opposed to an asset including additional information issuers should consider disclosing for asset acquisitions.



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