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May 2024

Keeping you informed and up to date in the world of corporate reporting

Welcome to the May edition of Reporting News. Set out below are the latest changes and developments in financial reporting, business reporting and business governance. In this edition:

Financial Reporting

Recent updates on deferred tax

In March 2024 the Government removed tax deductions for depreciation on commercial and industrial buildings with application from the 2024/25 income year. This will impact the deferred tax recognised for these buildings.

KPMG has issued detailed guidance on the accounting required included some examples. Depending on when the building was acquired and whether or not the initial recognition exemption applies or continues to apply will impact on the measurement of deferred tax.

Additionally, amendments to NZ IAS 12 Income Taxes are now effective, which impact the deferred tax for, among other items, leases.

Read the KPMG web article and example here.

New Accounting Standard: NZ IFRS 18 *Presentation and Disclosure in Financial Statements*

NZ IFRS 18 *Presentation and Disclosure in Financial Statements* ("NZ IFRS 18") is mandatory for annual reporting periods beginning on or after 1 January 2027.

NZ IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. The way companies communicate their financial performance is set to change. Investors will benefit from greater consistency of presentation in the income and cash flow statements, and more disaggregated information. Disclosure of certain 'non-GAAP' measures – management performance measures (MPMs) – will also form part of the audited financial statements.

Read the KPMG web article and related publication here.

NZ IFRS 18 takes effect on 20 June 2024. Application to an earlier accounting period is permitted for accounting periods that end after 20 June 2024.

Net-zero commitments

Many companies have made net-zero commitments and questions are emerging on how they impact financial reporting under IFRSs – in particular, on when they trigger a liability.

Read the KPMG latest web article and publication here.

New Accounting Standard: IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

A subsidiary that does not have public accountability, and has a parent that produces consolidated accounts that are available for public use under IFRS Accounting Standards, is permitted to apply IFRS 19 *Subsidiaries without Public Accountability: Disclosures* ("IFRS 19").

Read the KPMG FAQs here.

Please note that IFRS 19 has not yet been adopted in New Zealand and is therefore not available yet for early adoption for NZ reporters.

Climate and sustainability reporting

Impressions of the first Aotearoa New Zealand Climate Statements

Sanel Tomlinson, Partner Sustainable Value, shares observations around the first climate statements prepared in accordance with the Aotearoa New Zealand Climate Standards Impressions of the first Aotearoa New Zealand Climate Standards-compliant disclosures | Chapter Zero. Please reach out to Sanel or your usual KPMG contact if you want to know more.

Hong Kong Exchange mandates climate disclosures

Entities listed on the Stock Exchange of Hong Kong (HKEX) will be subject from 2025 to climate-related disclosure requirements based on IFRS S2 Climate-related Disclosures.

Greenhouse Gas Protocol publishes Scope 2 FAQs

Entities reporting greenhouse gas (GHG) inventories using the GHG Protocol suite of standards can refer to the Scope 2 FAQs as a helpful guide in interpreting some of the GHG Protocol Scope 2 Guidance. There are 14 common questions about accounting for corporate emissions from purchased energy

Should you have queries on how this information is relevant for your organisation, or if you would like reporting support, contact us here.

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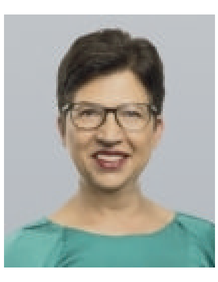

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Feedback

If there is anything you would like to see more or less of in these updates, let us know.

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