Welcome to the December edition of Eye on Reporting. **December 2020**

The COVID-19 pandemic presents huge challenges for preparers of financial statements. In such unprecedented times, there is much to consider and transparency is key. Our publication *Accounting considerations of the coronavirus pandemic (Updated November 2020)* provides a reminder of the existing accounting requirements that should be considered when addressing the financial reporting impacts of the COVID-19 pandemic.

We are also pleased to announce the issuance of

i) Good Group (New Zealand) Limited (December 2020), which illustrates disclosure requirements for both Tier 1 for-profit entities reporting in accordance with NZ IFRS and Tier 2 for-profit entities reporting in accordance with NZ IFRS Reduced Disclosure Regime. This includes additional COVID-19 considerations;

ii) Good Bank (International) Limited (December 2020), which has early adopted *Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16* and included COVID-19 commentary; and

iii) Good General Insurance (International) Limited, which illustrates the disclosure requirements of IFRS 17.

In other developments, climate risks remain a hot topic around the globe. The IASB released a document for educational purposes, noting the requirements in IFRS for financial statement disclosures related to climate risks and our publication Effects of climate-related matters on financial statements provide a summary of this document.

The IASB also issued:

i) a discussion paper which identifies two methods of accounting for business combinations under common control by a receiving entity, our publication is here; and

ii) an exposure draft which is proposing an amendment to IFRS 16 *Leases* to specify the method a seller-lessee uses in initially measuring the right-of-use asset and lease liability arising in a sale and leaseback transaction and how the seller-lessee subsequently measures that liability, our publication is here.

For more details on these and other publications and activities in financial reporting please see below.

Kind regards
Lara Truman
IFRS | Professional Practice

Recent EY Publications

IFRS Core Tools

The *IFRS Core Tools* provide the starting point for assessing the impact of changes to IFRS, which also include our illustrative financial statements

- *Good Group (New Zealand) Limited (December 2020)*
- *Good General Isnurance (International) Limited*
- *Good Bank (International) Limited (December 2020)*

Applying IFRS

These publications provide detailed analyses of specific standards, discusses implementation issues and includes the most recent developments.

- *Accounting considerations of the coronavirus pandemic (November 2020)*

IFRS Developments

These publications highlight the latest Exposure Drafts and Amendments issued by IASB as well as the IFRS Interpretations Committee's agenda decision.

- *Issue 178 - Income taxes - Impact of Brexit*
- *Issue 179 - IASB proposes new requirements for business combinations under common control (BCUCC)*
  - The IASB issued a Discussion Paper which identifies two methods of accounting for business combinations under common control by a receiving entity. Comments are due by 1 September 2021.
- *Issue 180 - IASB issues ED on measuring the lease liabitlity arising in a sale and leaseback transaction*
  - The IASB issued an Exposure Draft which proposes an amendment to IFRS 16 Leases to specify the method a seller-lessee uses in initially measuring the right-of-use asset and lease liability arising in a sale and leaseback transaction . It also proposes how the seller-lessee subsequently measures that liability. Comments are due by 29 March 2021.

Other IFRS

- *IASB releases educational material on IFRS Standards and climate risks*
  - The IASB released educational materials, noting the requirements in IFRS for financial statement disclosures related to climate risks.

Please note that some of the above publications are based on 'pure' IFRS, and do not cover New Zealand additional disclosure requirements.

IFRS news and other NZ specific updates: for-profit entities

IASB and joint IASB-FASB Update November 2020

- The summary of the November 2020 IASB meeting and joint IASB-FASB meeting is now available.
- The IASB discussed several topics during the meeting, which include management commentary and the post-implementation review of IFRS 10, IFRS 11 and IFRS 12 (Agenda Paper 7).
- The IASB and FASB discussed several topics during the joint meeting, including goodwill and impairment, leases, COVID-19 and supply chain financing.
- The IASB's and Joint IASB-FASB monthly podcast summarises the Board's discussions at the November.

IPSAS news and other NZ specific updates: public benefit entities

IPSASB defers effective dates for upcoming standards and amendments

- The IPSASB has published COVID-19: Deferral of Effective Dates, which delays the effective dates of recently published Standards and Amendments to IPSAS by one year to January 1, 2023. The Standards and Amendments which are impacted include:
  - IPSAS 41, *Financial Instruments;*
  - IPSAS 41, *Social Benefits*;
  - *Long-term Interests in Associates and Joint Ventures* (Amendments to IPSAS 36) and *Prepayment Features with Negative Compensation* (Amendments to IPSAS 41);
  - *Collective and Individual Services* (Amendments to IPSAS 19); and
  - *Improvements to IPSAS, 2019.*

On the horizon

Below are recent proposals that are currently open for comment to the NZASB, IASB and/or IPSASB. Please refer to the current exposure draft section on the XRB website for more details (**www.xrb.govt.nz**).

Standard/Exposure Draft	Comments due to NZASB/XRB by	Comments due to IASB by	Comments due to IPASB by
*IASB DP/2020/1 Business Combinations - Disclosures, Goodwill and Impairment**		31 December 2020	
IASB DP/2020/2/ Business Combinations under Common Control	1 June 2020	1 September 2021	
IASB ED/2020/4 Lease Liability in a Sale and Leaseback Proposed amendment to IFRS16		29 March 2021	
IPSASB ED 74 IPSAS 5, Borrowing Costs - Non-Authoritative Guidance			1 March 2021

*The IASB's Webinar on the DP Business Combinations – Disclosures, Goodwill and Impairment is available.

*The Second IASB's Webinar on the DP Business Combinations – Disclosures, Goodwill and Impairment is available.

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