

Welcome to the July edition of Eye on Reporting.

A recent IFRIC decision has clarified accounting for the costs of customising and configuring cloud delivered software. Entities may be challenged by retrospective adjustments or prominent financial report disclosures. Many preparers of 30 June 2021 financial reports may need to consider an accounting policy change for cloud software costs previously capitalised as intangible assets. Disclosure is likely to be required when the adjustment is deferred to the next financial reporting period. Find further information [here](#).

We are also pleased to announce the issuance of:

- i) [Local City Council - illustrative New Zealand Public Benefit entity's financial statements - June 2021](#);
- ii) [New Zealand For-Profit Entities - New Accounting Standards and Interpretations \(June 2021\)](#); and
- iii) [New Zealand Public Benefit Entities - New Accounting Standards and Interpretations \(June 2021\)](#)

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

Kind regards

[Lara Truman](#)

Associate Partner

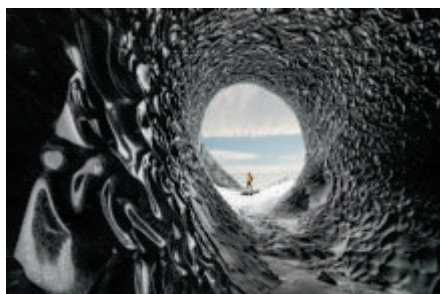
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Quick links

- ▶ [EY New Zealand IFRS home page](#)
- ▶ [EY IFRS technical resources](#)
- ▶ [Illustrative New Zealand For-profit entity's financial statements for 31 December 2020 \(and 30 June 2021\)](#)
- ▶ [Illustrative New Zealand Public Benefit entity's financial statements for 30 June 2021](#)
- ▶ [EY International GAAP® 2021](#)

Recent EY Publications



IFRS Core Tools

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

- ▶ [Illustrative New Zealand Public Benefit Entity financial statements for 30 June 2021](#)
 - The 2021 update provides a reminder of the existing disclosure requirements that should be considered when reporting on the financial effects of the Covid-19 pandemic in financial statements prepared in accordance with PBE Standards.
- ▶ [New Zealand For-Profit Entities - New Accounting Standards and Interpretations \(June 2021\)](#)
- ▶ [New Zealand Public Benefit Entities - New Accounting Standards and Interpretations \(June 2021\)](#)
- ▶ [IFRS Update of standards and interpretations in issue at 30 June 2021](#)



Applying IFRS

These publications provide detailed analysis of specific standards, discuss implementation issues and recent developments.

- ▶ [Accounting for cloud computing costs July 2021](#)
 - The July 2021 version provides an update for the March 2021 IFRS Interpretations Committee agenda decision on costs of configuring or customising a supplier's application software in a software as a service arrangement that is accounted for as a service.
- ▶ [A closer look at the new Insurance Contracts Standard \(June 2021\)](#)

- The June 2021 version provides an update Amendments to IFRS 17, recently discussed questions at TRG meetings and illustrations from IASB staff papers and also EY views on emerging industry discussions on technical matters.

▶ [Accounting for SPACs](#)

- Acquisition by a special purpose acquisition company (SPAC) offers private companies an opportunity to go public without a traditional initial public offering. This publication summarised the accounting considerations for SPAC transactions.



Insurance Accounting Alert

This alert provides the latest development on the accounting standards specific in insurance sector.

▶ [July 2021 edition](#)

- The IASB agreed in its June meeting to propose a classification overlay for financial assets in the comparative period if certain conditions are met. The ED is expected to be published by the end of July 2021. This publication summarised the proposal and also the observation from the IASB meeting.



EY Insights

This publication provides insightful analysis over a particular topic which helps reader to understand the current trends.

▶ [EY insights on 2020 expected credit losses - benchmark across European banks](#)

- The purpose of this analysis is to provide a broad view of how the data gathered compare across banks, to present our observations on the comparisons and to test different ideas to analyse the data and identify possible drivers of the trends.

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 Update June 2021

- ▶ A [summary of the June 2021 IASB meeting](#) is now available.
- ▶ The [June 2021 podcast](#) summarises the Board's discussions in this meeting.

[IFRS Interpretations Committee Update June 2021](#)

- ▶ The summary of the June 2021 IFRS Interpretations Committee meeting is now available.
- ▶ Key topics discussed:
 - TLTRO III transactions (IFRS 9 *Financial Instruments* and IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*)
 - Economic benefits from use of a windfarm (IFRS 16 *Leases*)
 - Costs necessary to sell inventories (IAS 2 *Inventories*)
 - Preparation of financial statements when an entity is no longer a going concern (IAS 10 *Events after the Reporting Period*)

[IFRS Interpretations Committee podcast July 2021](#)

- ▶ Topics include:
 - Configuration or customisation costs in a cloud computing arrangement

- Costs necessary to sell inventories
- Economic benefits from use of a windfarm
- TLTRO III transactions
- Supplier finance arrangements
- Classification of debt with covenants as current or non-current

Have you missed any of IASB's webcasts?

▶ [Management Commentary research workshop](#)

- The workshop provided an overview of the Board's Exposure Draft Management Commentary that sets out a proposed comprehensive new framework for preparing management commentary that meets investors' information needs.

▶ [Exposure Draft Disclosure Requirements in IFRS Standards - A Pilot Approach](#)

- The webinar featured a question and answer session with Board Members, exploring in more detail the proposed new approach to developing disclosure requirements in IFRS Standards. This included discussion of the Board's views on particular aspects of the proposed approach, such as the application of judgement, comparability, auditability and enforceability and digital reporting.

▶ [IFRS Foundation webinars on Trustees' sustainability-related work](#)

- The webinars discuss the IFRS Foundation Trustees' work on creating a proposed new standard-setting board—International Sustainability Standards Board—that would develop sustainability-related disclosure requirements to meet investors' needs.

IPSAS news and other NZ specific updates: public benefit entities



IPSASB June 2021 Meeting

- ▶ The IPSASB held its second meeting of the year virtually in June. The IPSASB discussed several topics during the meeting, which include improvements to IPSAS 2021 and amendments to IPSAS 5 *Borrowing Costs* (Non-Authoritative Guidance).
- ▶ A [Podcast](#) for matters discussed during the June 2021 meeting is also available.

IPSASB Consultative Advisory Group (CAG) June 2021 Meeting

- ▶ The IPSASB CAG held its first meeting of the year virtually in June. It discussed several topics during the meeting, which include natural resources and revenue and expenses.
- ▶ A [Podcast](#) for matters discussed during the June 2021 meeting is also available.

Applying PBE FRS 48 Service Performance Information - Frequently Asked Questions

- ▶ XRB has developed a FAQs on applying FRS 48 and provided guidance how to apply FRS 48.



Below are recent proposals that are currently open for comment from 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
<u>IASB DP/2020/2 Business Combinations under Common Control</u>		1 September 2021	
<u>IASB ED/2021/3/IASB's new approach to disclosure requirements</u>	1 September 2021	21 October 2021	
<u>IASB ED/2021/4 Lack of Exchangeability - Proposed amendments to IAS 21</u>		1 September 2021	
<u>IASB ED/2021/6 Management Commentary</u>		23 November 2021	
<u>IASB RFI Request for Information - Third Agenda Consultation</u>		27 September 2021	
<u>IPSASB ED 76 Conceptual Framework Update: Chapter 7. Measurement of Assets and Liabilities in Financial Statements</u>	2 September 2021		25 October 2021
<u>IPSASB ED 77 Measurement</u>	2 September 2021		25 October 2021
<u>IPSASB ED 78 Property, Plant and Equipment</u>	2 September 2021		25 October 2021
<u>IPSASB ED 79 Non-current Assets Held for Sale and Discontinued Operations</u>	2 September 2021		25 October 2021

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