KPMG

Reporting News

January 2025

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

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

Banks and investment funds – illustrative disclosures

Pillar Two top-up taxes

Nature-dependent electricity contacts (Renewable Power Purchase Agreements)

Impact of climate-related matters on impairment testing of non-current assets

Hyperinflationary economies

Areas of focus for 2024 year-ends

IFRS® compared to US GAAP

Guide: AI and automation in financial reporting

Financial Markets Authority (FMA) reviews the first 70 climate-related disclosures

New transition planning guidance from the External Reporting Board (XRB)

New consultations on the climate-related disclosures (CRD) regime

The XRB introduces a draft voluntary non-financial reporting framework

KPMG updates its Handbooks on GHG Emissions and Climate-risk in the Financial Statements

Partnership for Carbon Accounting Financials (PCAF) launches public consultation

Updated emissions factors from the US Environmental Protection Agency

Financial Reporting

Banks and investment funds – illustrative disclosures

The KPMG 2024 illustrative disclosures for banks and investment funds are now available.

Both publications reflect standards in issue at 30 November 2024 that are required to be applied for annual periods beginning on 1 January 2024. Both also include a reminder relating to the IFRS Interpretations Committee's July 2024 agenda decision on the Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 Operating Segments), for which we have previously released a video.

Pillar Two top-up taxes

Pillar Two tax reform aims to ensure that large multinational groups pay taxes at least at a minimum rate of 15 percent on income arising in each jurisdiction in which they operating by applying a system of top-up taxes. There are three active mechanisms under Pillar Two model rules – the Income Inclusion Rule (IIR), the Undertaxed Payment Rule (UTPR) and a Qualifying Domestic Minimum Top-up Tax (QDMTT). They are often referred to as 'global minimum top-up tax' or 'top-up tax'. Different jurisdictions may enact or substantively enact local tax laws at different points in time, and the taxes may also become effective at different points in time.

New Zealand has joined the growing list of countries enacting the Pillar Two model rules into domestic law, effective for income years beginning on or after 1 January 2025. Large multinational groups, including those headquartered in New Zealand, must pay at least 15 percent tax on their income in each jurisdiction they operate.

This guide answers key questions on a number of topics, including disclosures and impairment assessment.

Nature-dependent electricity contacts (Renewable Power Purchase Agreements)

Companies face challenges in applying IFRS 9 *Financial Instruments* to contracts referencing nature-dependent electricity – sometimes referred to as renewable power purchase agreements (PPAs). The International Accounting Standards Board (IASB) has now amended IFRS 9 to address these challenges. The amendments include guidance on:

— the 'own-use' exemption for purchasers of electricity under such PPAs; and

— hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.

The IASB has also added new disclosure requirements for certain PPAs.

The amendments apply for reporting periods beginning on or after 1 January 2026. Early application is permitted. Read this article to find out more.

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

Impact of climate-related matters on impairment testing of non-current assets

Investors and regulators want clarity on climate-related matters in financial reporting, including the impact they have on the judgements and estimates a company makes in its impairment testing of non-current assets. Robust disclosures clarify how climate-related matters affect recoverable amount.

Our guide answers some of the key accounting questions, providing guidance on:

— indicators of impairment;

— cash flows and the discount rate;

— terminal value; and

— disclosures and connectivity.

Hyperinflationary economies

In November 2024, the IFRS® Interpretations Committee discussed identifying when an economy becomes hyperinflationary. Watch this video for a summary of the discussions.

Areas of focus for 2024 year-ends

Our latest podcast offers clear and concise points for companies to consider in preparing their year-end financial statements.

It delivers insights from KPMG specialists on a range of topics – including climate-related matters, valuation and impairment, changes to presentation and new disclosures, and finally the growing importance of connectivity between a company's financial statements and all other publicly available information.

IFRS® compared to US GAAP

Use our updated IFRS compared to US GAAP handbook to help you identify and understand the key differences between the two frameworks, and deliver clarity in financial reporting.

Guide: AI and automation in financial reporting

Our new AI and Automation in Financial Reporting Guide addresses how to responsibly integrate AI and automation into financial reporting, covering governance and internal control considerations such as entity-level controls, process control activities, and general IT controls. It is now available on the AI and Technology resource page.

NZ updates on climate and sustainability reporting

Financial Markets Authority (FMA) reviews the first 70 climate-related disclosures

The report provides insights and feedback for climate reporting entities (CREs) to improve disclosures in their climate statements.

New transition planning guidance from the External Reporting Board (XRB)

In partnership with the Sustainable Business Council, the XRB has published a short overview about the why and what of transition planning, and a guide for executives. The XRB has also published guidance on disclosures relating to transition planning.

New consultations on the climate-related disclosures (CRD) regime

The Ministry of Business, Innovation, and Employment (MBIE) is seeking public feedback on potential adjustments to ensure reporting thresholds and director liability settings are appropriate and proportionate.

The XRB intends in 2025 to consult on the potential use of section 19C of the Financial Reporting Act 2013 to issue new or amended climate standards for different classes of CRE based on criteria such as entity characteristics and/or size.

The XRB introduces a draft voluntary non-financial reporting framework

At the end of 2024, the XRB announced He Tauira, a voluntary conceptual reporting framework to guide entities in Aotearoa New Zealand to articulate their long-term intergenerational impact.

Global updates on climate and sustainability reporting

KPMG updates its Handbooks on GHG Emissions and Climate-risk in the Financial Statements

The December 2024 edition of the KPMG GHG Handbook includes new Q&As and examples, advice on the selection of emission factors, and future developments for the GHG Protocol Standards, voluntary carbon markets, and mandatory emissions reporting frameworks.

Our in-depth guide to climate-risk in the financial statements comprises issues and examples for companies including updated guidance on fair value measurement.

Partnership for Carbon Accounting Financials (PCAF) launches public consultation

PCAF has launched a public consultation on new methodologies for measuring and reporting financed emissions and insurance-associated emissions. Consultation is open until 28 February 2025.

Updated emissions factors from the US Environmental Protection Agency

The 2025 annual update of the Emission Factors Hub (January 2025) includes updates to emission factors for purchased electricity from eGRID (Emissions & Generation Resource Integrated Database), mobile combustion, upstream and downstream transportation, business travel, product transport, and employee commuting.

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

Simon Lee
Technical Director
KPMG

Marcia Smith
Director
KPMG

Sanel Tomlinson
Partner
KPMG

Sarah Bate
Director
KPMG

Feedback

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

Legal | Privacy | Using cookies

KPMG New Zealand:
18 Viaduct Harbour Avenue
PO Box 1584
Auckland 1140
T: +64 9 367 5800

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG, a New Zealand Partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.