



NL GAAP

Update 2020

Agenda

NL GAAP update

*(Title 9 and
DASB)
for 2020
and 2021*

Covid-19

*Implications for
2020 financial
statements*

New standards on revenue recognition

*(RJ 221 and
RJ 270)
for 2022*





NL GAAP update (Title 9 and DASB) for 2020 and 2021



New Dutch accounting standards

2020

Main changes (financial year 2020)

RJ 122 Measurement for foreign currency

- *translation foreign operation*

RJ 160 Events after the reporting date

- *presentation distributed interim dividend*

RJ 240 Equity

- *classification financial instruments in separate financial statements*

RJ 252 Provisions, contingent liabilities and contingent assets

- *measurement of provisions*

RJ 272 Income taxes

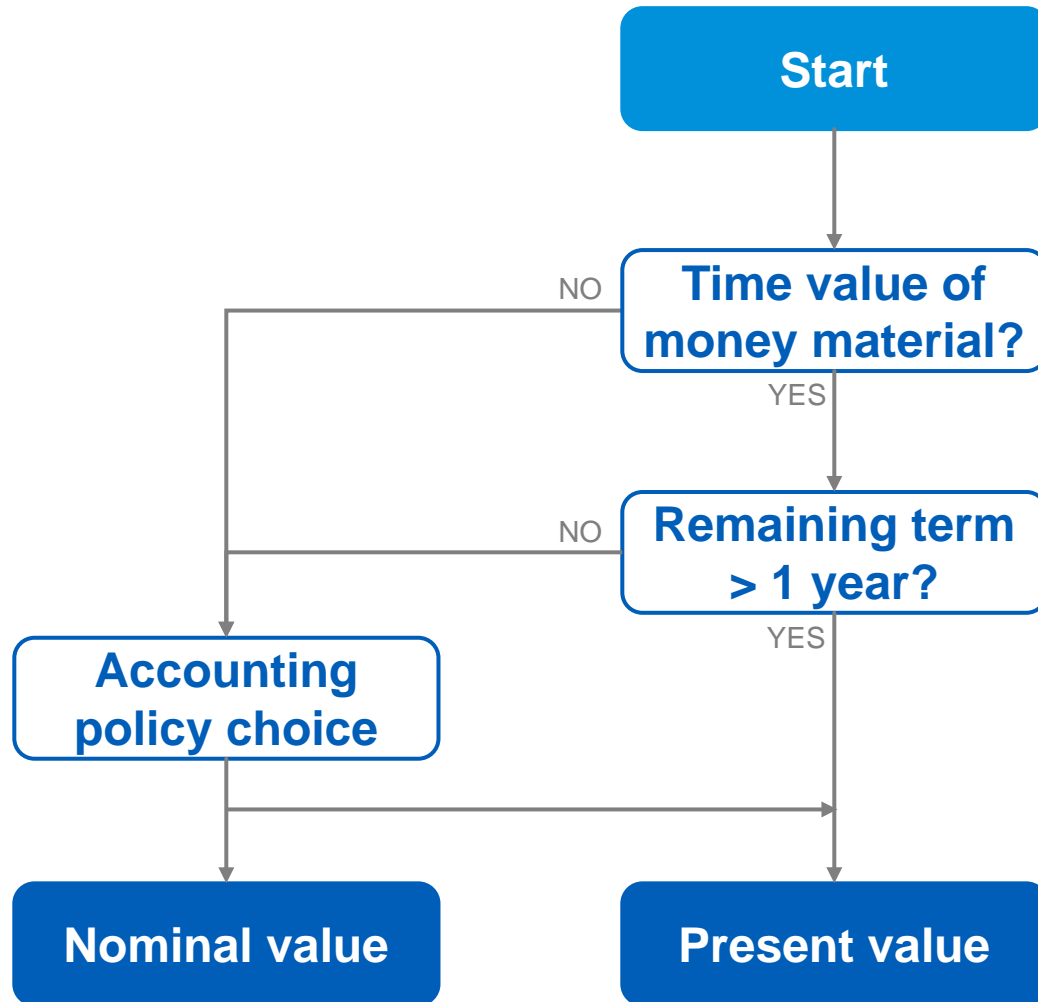
- *measurement uncertain tax position*
- *disclosures*

RJ 292 Leases

- *determination whether a contract contains a lease*
- *disclosures*

RJ 252 - Provisions at present value

2020

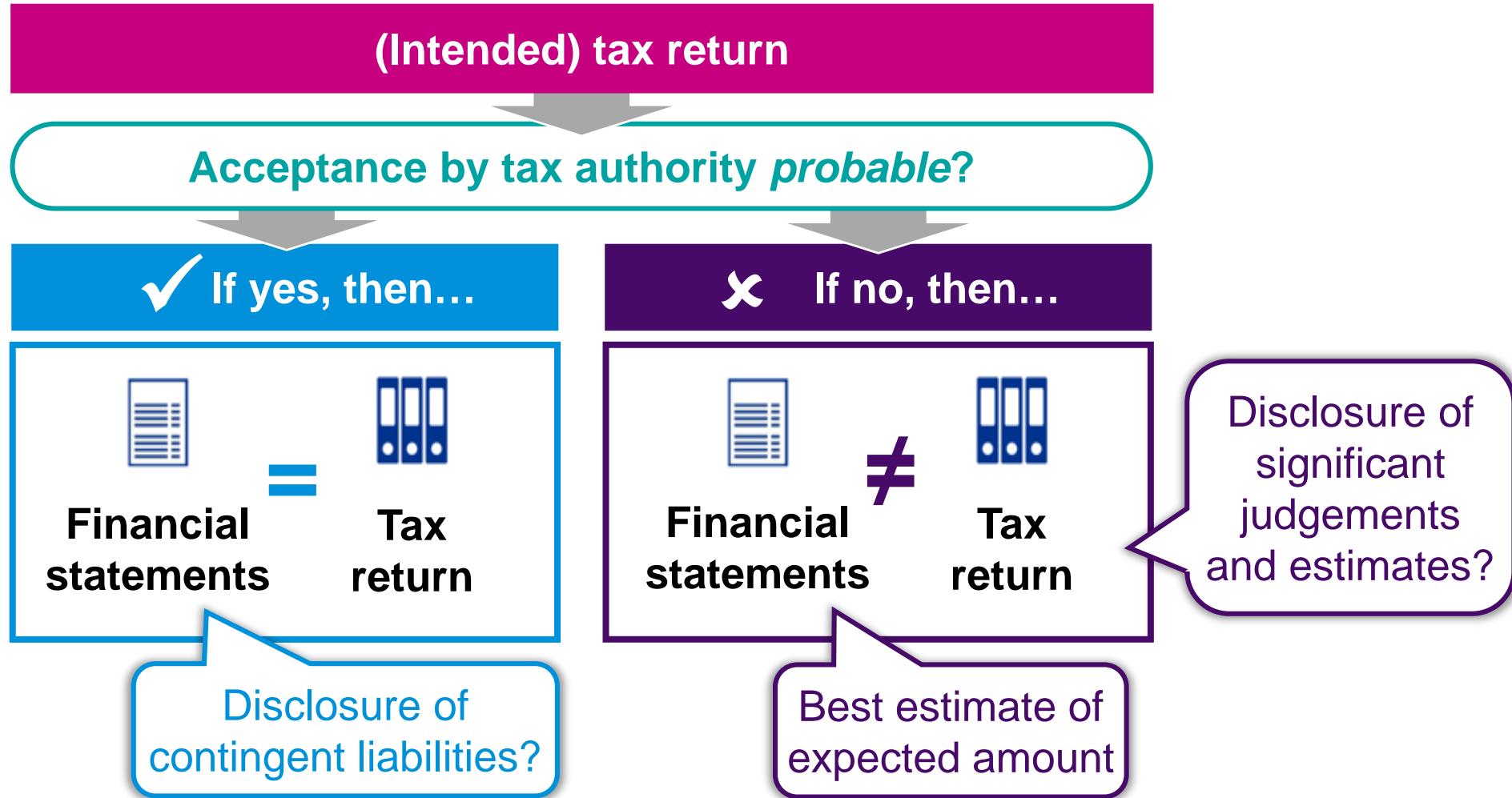


Present value

- Apply pre-tax discount rate that reflects current market interest rate and risks specific to liability
- No adjustment in discount rate for risks already taken into account when estimating future cash flows
- Unwinding of discount to be presented in P&L account as interest expense

RJ 272 - Uncertain tax positions

2020



Article 403 and possible impact of Brexit

2020



New Dutch accounting standards

2021

Main changes (financial year 2021)

RJ 271 Employee benefits

- *transitional compensation*

RJ 275 Share-based payments

- *right to demand settlement in cash*

RJ 290 Financial instruments

- *cash flow and cost price hedge-accounting*

RJ 315 Exemptions for medium-size entities

- *several disclosure exemptions removed*

RJ 360 Cash flow statement

- *presentation cash and cash equivalents by acquisition or disposal*

Information

Factsheet
RJ 2020



Inleiding

De Raad voor de Jaarverslaggeving (RJ) heeft recentelijk de editie 2020 van de Richtlijnen voor de Jaarverslaggeving voor grote en middelgrote rechtspersonen gepubliceerd. De in deze editie aangepaste Richtlijnen zijn van toepassing op boekjaren die beginnen op of na 1 januari 2021, tenzij anders is aangegeven.

In deze factsheet treft u een overzicht aan van de belangrijkste gewijzigde bepalingen. Wij gaan hierbij niet in op aanpassingen met betrekking tot bijzondere bedrijfstakken. Volledigheidshalve begint deze factsheet met een samenvatting van de belangrijkste wijzigingen in de Richtlijnen die voor het eerst van toepassing zijn op boekjaar 2020. We sluiten de factsheet af met een overzicht van de belangrijkste wijzigingen voor kleine rechtspersonen zoals opgenomen in de Richtlijnen voor micro- en kleine rechtspersonen die tegelijkertijd met de Richtlijnen voor grote en middelgrote rechtspersonen zijn gepubliceerd.



KPMG

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KPMG Year Book External Reporting 2020

Sets out Dutch reporting rules for reporting year 2020 (and changes compared to reporting year 2019), including exemptions for medium-sized/small/micro and significant differences with IFRS

Available as:

- Jaarboek EV app
- Web version





Covid-19 impact on 2020 financial statements



Covid-19: various accounting issues

Accounting

Potential issues to be addressed (for 2020 financial statements)

- Rent reductions and deferrals
- Deferral of loan payments (like interest payments)
- Current/non-current classification of debts
- Sales with the right of return
- Government grants (wage costs subsidies; compensation for non-performed services)
- Presentation of expenses related to Covid-19
- Employee costs for (partly) absent employees
- Hedge accounting consequences (forecast transactions)
- Impairment assessment

Covid-19: rent reductions

RJ Statement
2020-12

How should lessee account for a rent reduction (OL)?	What if the lease had been classified as a FL?	Could the rent reduction result in a reclassification of the lease (FL vs OL)?
<ul style="list-style-type: none">– Recognize as reduction of rental expense over remaining lease term	<ul style="list-style-type: none">– Remeasure lease liability– Reflect change in lease asset	<ul style="list-style-type: none">– Only if it would have resulted in different lease classification at inception, as if in effect at that moment
<ul style="list-style-type: none">– RJ: recognition over period of rent reduction (e.g. April to June 2020) <i>allowed</i>	<ul style="list-style-type: none">– RJ: do not adjust carrying amount of lease asset, recognize change in lease liability as profit immediately <i>or over</i> lease term	<ul style="list-style-type: none">– New lease contract over the (remaining) term– Scenario not very probable

Government grants related to Covid-19 (NOW)

RJ Statement
2020-13

Wage cost subsidy scheme (NOW)
RJ 274.102: qualifies as grant related to income

RJ 274 Government grants

Recognition	Presentation	Disclosures
In profit or loss when subsidized costs are recognized as expenses (matching)	<ul style="list-style-type: none">– Separate line item (income)– Part of 'other operating income' or <ul style="list-style-type: none">– Deduction from related expenses	Nature of grants received, accounting policy, amount recognized, ...

Covid-19: impact on impairment assessment

Impairments

- Covid-19 may give rise to indicators of impairment of fixed assets at year end
- Recoverable amount of a CGU or asset likely be impacted

When to test?

Intangible asset with
useful life > 20 years

Intangible asset not
yet available for use

All other assets within the
scope of RJ 121

Impairment test at each reporting date

Impairment test if indicators
exist at reporting date

Challenges in projecting cash flows

Time until business operations return to (a new) normal **Expected trajectories of the recovery (V, U, W, L) and the probability of occurrence** **Expected long-term inflation and growth rate**

Most appropriate to be based on most updated projections from external sources

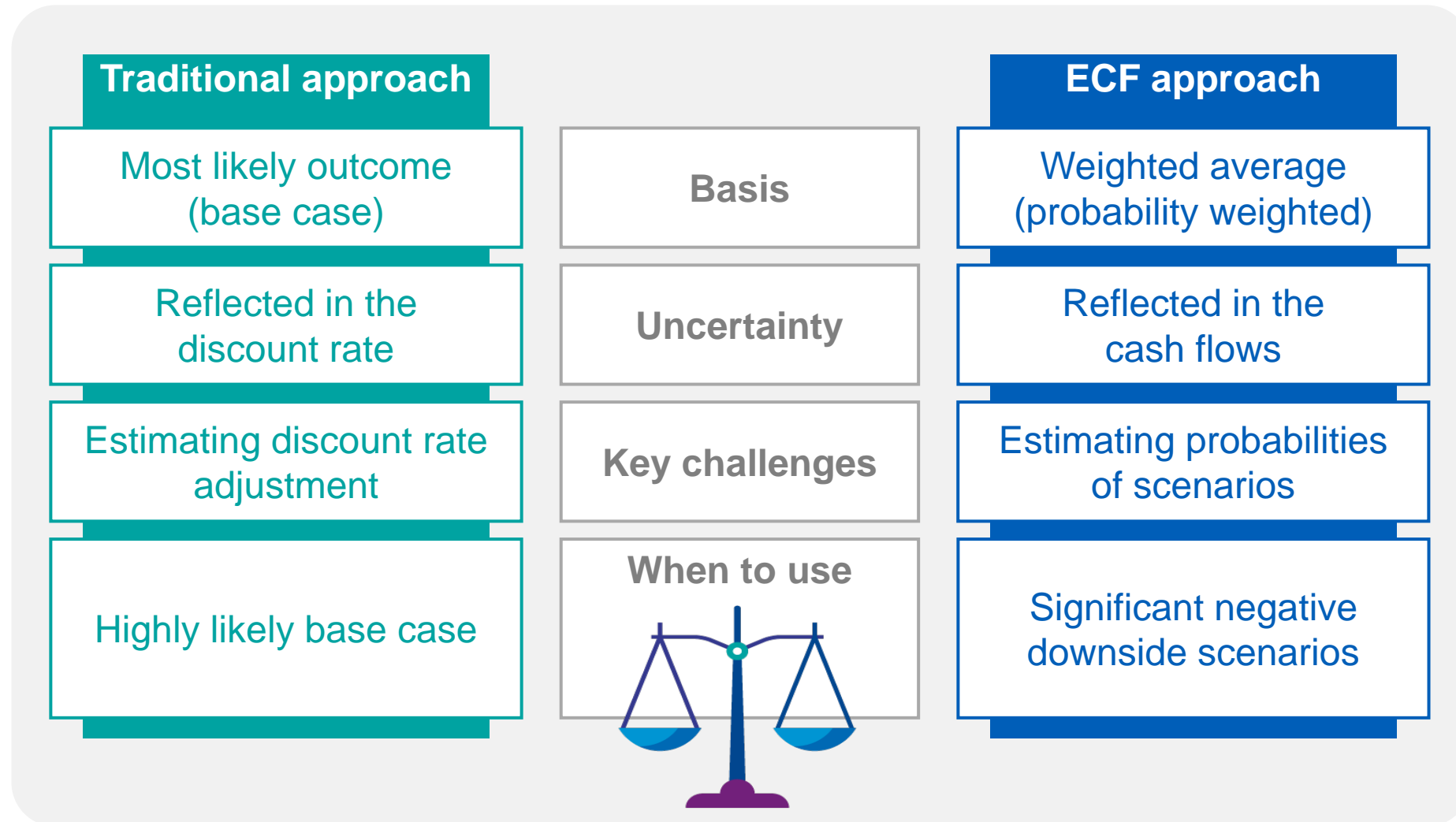
Sales volumes and prices **Commodity prices** **Capital expenditure**

Gross margins **Operating margins** **Government support**

Assumptions used in valuations pre-Covid-19 need to be reassessed and updated

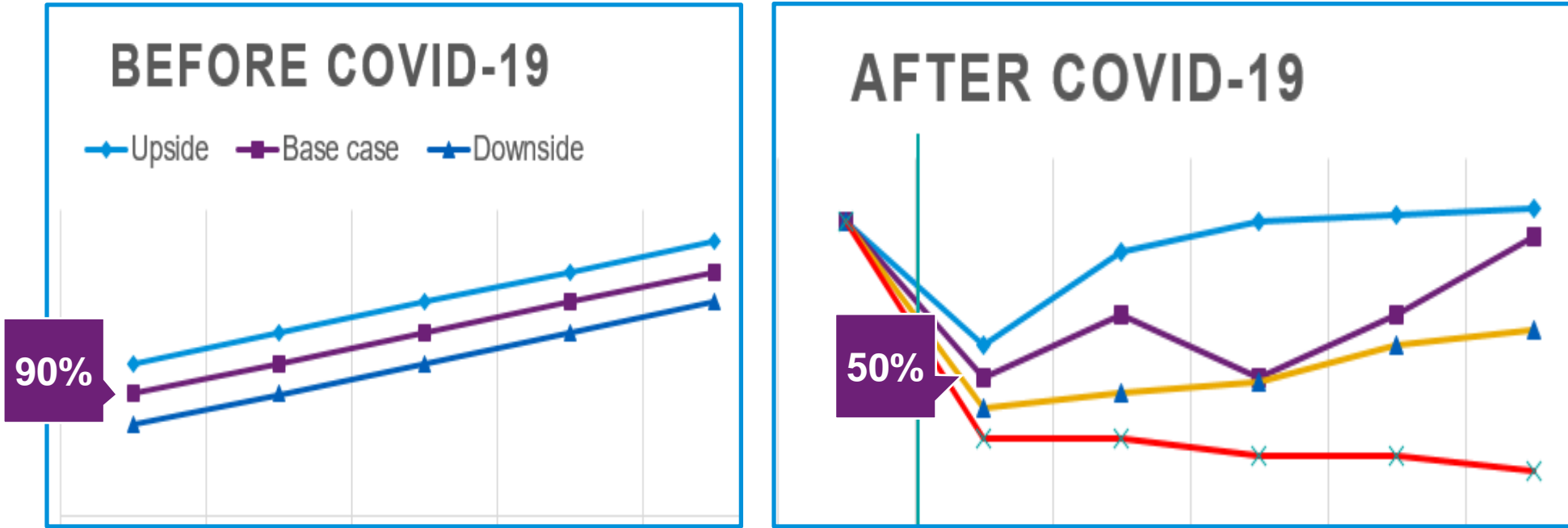
Value in use: restrictions on future restructurings & asset enhancements

Traditional vs. Expected Cash Flow (ECF) approach



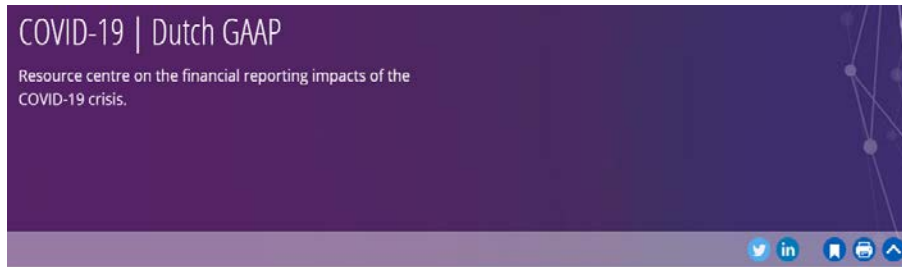
Impact on projecting cash flows - *example*

Cash flows projections



Covid-19: available information

<https://home.kpmg/nl/nl/home/insights/2020/04/covid-19-dutch-gaap-resource-centre.html>



Home > Insights > COVID-19 | Dutch GAAP



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Dutch GAAP & COVID-19

The World Health Organisation has declared the Covid-19 coronavirus outbreak to be a pandemic. Many governments are taking stringent steps to contain and/or delay the spread of the virus.

Actions taken in response to the spread of Covid-19 have resulted in significant disruption to business operations and a significant increase in economic uncertainty, with more volatile asset prices and currency exchange rates, and a marked decline in long-term interest rates in developed economies.

These events and conditions create a level of uncertainty and risk that companies may not have encountered before, and may result in significant financial reporting implications for preparers of financial statements. This resource centre focuses on the potential financial reporting impacts for 2020 period ends.

The FAQs below can help you better understand the potentially significant accounting and disclosure implications for your company, and the actions management can take now.

COVID-19 | Dutch GAAP



FAQ



COVID-19: How should lessees account for rent reductions or deferrals?

There is no specific guidance under Dutch GAAP how to account for changes in leases.



How to present the expenses related to COVID-19?

Companies need to identify exceptional items and determine how to present these.



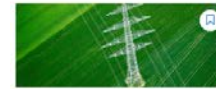
COVID-19: How to account for deferral of loan payments?

How to account for contractually agreed deferral of payments.



How does COVID-19 impact current and non-current classification of...

Understanding the accounting impact of covenant breaches.



COVID-19: How to allocate fixed indirect production costs in the...

For manufacturing entities the average normal production may significantly be affected.



COVID-19: How should companies assess COVID-19 related events after...

The COVID-19 coronavirus pandemic has evolved rapidly in 2020 and it impacts how companies evaluate and disclose...



COVID-19: How to account for sales with the right of return in uncertain times?

Challenges in making reliable assumptions and estimates of expected sales returns.



COVID-19: How to account for wage costs subsidy?

Wage costs subsidy qualifies as an operating government grant under Dutch GAAP.

Additional COVID-19 related information



COVID-19 crisis en de impact op uw organisatie

Wij zijn er om u door deze crisis te loodsen en om uw organisatie veerkrachtig te houden, nu én op de langere termijn.



COVID-19 | IFRS Resource Centre on IFRS



Webcast: COVID-19 impact on financial accounting & reporting
Replay our webcast on the impact of COVID-19 on financial accounting & reporting



New standards on revenue recognition for 2022



New Dutch accounting standards

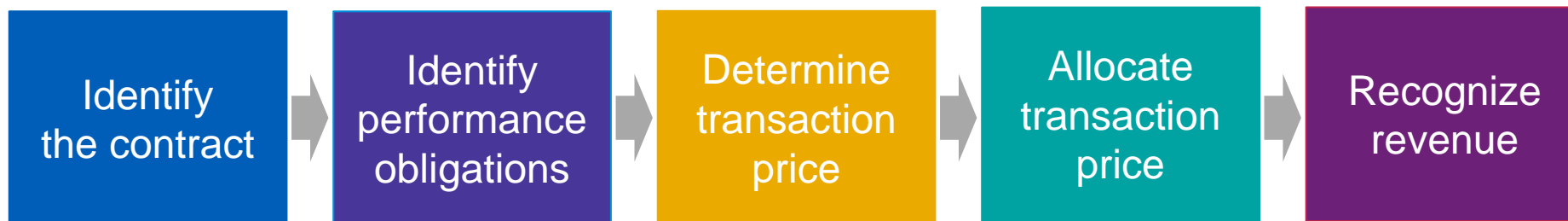
2022

oRJ 270 The profit and loss account

oRJ 221 Construction contracts

- Specific changes to existing standards
- Additional guidance and examples
- Revenue recognition basis remains a mix of risks & rewards and control
- Prospective approach
- IFRS 15 provisions and guidance are not leading
- Option to apply IFRS 15 in full under NL GAAP

IFRS 15 five-step model used as the basis



Revenue recognition: changes

2022

Performance obligations

Variable consideration

Warranties

Allocation of transaction price

Return of goods

Options for additional goods or services

Customers' unexercised rights

Principal versus agent

Contract modifications

Revenue from licenses

Presentation in balance sheet

Disclosures

Presentation in P&L account

Transitional provisions



NL GAAP Update 2020

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Thank you