

## **AMENDMENTS TO PROFESSIONAL AND ETHICAL STANDARD 1 (REVISED) PUBLIC INTEREST ENTITY DEFINITION**

This Standard was issued on 17 December 2015 by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board pursuant to section 12(b) of the Financial Reporting Act 2013.

This Standard is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 14 January 2015.

In finalising this Standard, the New Zealand Auditing and Assurance Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This Standard has been issued to amend the definition of a Public Interest Entity in Professional and Ethical Standard 1 as a result of changes made to finalise the Tier structure in XRB A1.

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Note: The footnote numbers within these amendments do not align with the actual footnote numbers of the standards that will be amended, and reference should be made to those compiled standards.

# AMENDMENTS TO PROFESSIONAL AND ETHICAL STANDARD 1 (REVISED) PUBLIC INTEREST ENTITY DEFINITION

## A: Introduction

This document sets out amendments to the definition of a Public Interest Entity as defined in Professional and Ethical Standard 1 (Revised).

## B: Amendments to Professional and Ethical Standard 1 (Revised)

Amended paragraphs are shown with new text underlined and deleted text struck through.

### DEFINITION

[NZ] Public interest entity

- Any ~~for-profit~~ entity that is required or ~~chooses to report in accordance with~~ opts to prepare financial statements to comply with Tier 1 For-profit Accounting Requirements or Tier 1 PBE Accounting Requirements under in accordance with XRB A1<sup>1</sup>; and
- ~~Any other public benefit entity<sup>2</sup> that applies the full financial reporting standards.~~

NZ290.25 Section 290 contains additional provisions that reflect the extent of public interest in certain entities. For the purpose of this section, public interest entities include entities that have are publicly accountable, are deemed to have public accountability or are of economic significance. In New Zealand, the following entities are deemed to be Public Interest Entities:

- Any ~~for-profit~~ entity that is required or ~~chooses to report in accordance with~~ opts to prepare financial statements to comply with Tier 1 For-profit Accounting Requirements or Tier 1 PBE<sup>3</sup> Accounting Requirements under in accordance with XRB A1<sup>4</sup>; and
- ~~Any other public benefit entity<sup>5</sup> that applies the full financial reporting standards.~~

NZ291.3.1 Section 291 contains additional provisions that reflect the extent of public interest in certain entities. For the purpose of this section, public interest entities include entities that

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<sup>1</sup> XRB A1 *Application of the Accounting Standards Framework*.

<sup>2</sup> ~~XRB A1 for Tier 1 public benefit entities will only be finalised in 2014/2015. It is the intention of the NZAuASB that all Tier 1 entities will meet the definition of a public interest entity, or the purposes of this standard.~~

<sup>3</sup> Public Benefit Entity.

<sup>4</sup> XRB A1 *Application of the Accounting Standards Framework*.

<sup>5</sup> ~~XRB A1 for Tier 1 public benefit entities will only be finalised in 2014/2015. It is the intention of the NZAuASB that all Tier 1 entities will meet the definition of a public interest entity, for the purposes of this standard.~~

~~are have publicly accountable, are deemed to have public accountability~~ or are of economic significance. In New Zealand, the following entities are deemed to be Public Interest Entities:

- ~~Any for-profit entity that is required or chooses to report in accordance with~~ opts to prepare financial statements to comply with Tier 1 For-profit Accounting Requirements or Tier 1 PBE Accounting Requirements under in accordance with XRB A1<sup>6</sup>; and
- ~~Any other public benefit entity<sup>7</sup> that applies the full financial reporting standards.~~

### **C: Effective Date**

The revised definition of a “public interest entity” and related changes to the Code will be effective for audits or reviews of financial statements for periods beginning on or after 1 January 2016. Early adoption is permitted for periods beginning on or after 1 April 2015.

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<sup>6</sup> XRB A1 *Application of the Accounting Standards Framework*.

<sup>7</sup> ~~XRB A1 for Tier 1 public benefit entities will only be finalised in 2014/2015. It is the intention of the NZAuASB that all Tier 1 entities will meet the definition of a public interest entity, or the purposes of this standard.~~