

8 June 2016

Mr Warren Allen  
The Chief Executive  
External Reporting Board  
PO Box 11250  
Manners St Central  
Wellington  
6142

Dear Sir

**Requests to comment on Exposure Drafts PBE Interest in Other Entities (ED NZASB 2016-1; ED NZASB 2016-2; ED NZASB 2016-3; ED NZASB 2016-4; ED NZASB 2016-5)**

Thank you for the opportunity to comment on the above Exposure Drafts.

We are making this submission to you to assist the New Zealand Accounting Standards Board (NZASB) with the above Exposure Drafts. We are happy for you to publish our comments publically.

In responding we have addressed the specific questions for respondents in Appendix 1.

We hope that our responses and comments are helpful. Should you wish to discuss any of the points we have raised please contact me ([michael.rondel@bdo.co.nz](mailto:michael.rondel@bdo.co.nz)) should you have any queries or require further information.

Yours faithfully,  
BDO New Zealand



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## Appendix 1 - Comments on specific matters in Invitation to Comment

### ED NZASB 2016-1 PBE IPSAS 34 Separate Financial Statements

1. Do you agree that no substantive changes to IPSAS 34 are required to make it suitable for application by PBEs in New Zealand? If you disagree, please describe the additional changes that you consider to be appropriate.

**Yes, we agree that no substantive changes to IPSAS 34 are required.**

### ED NZASB 2016-2 PBE IPSAS 35 Consolidated Financial Statements

2. Do you consider that the IPSASB's reasons for retaining investment entity accounting in the financial statements of a non- investment controlling entity are relevant for both public sector and not-for-profit public benefit entities in New Zealand? If you do not agree, please explain why.

**Yes, we agree with these reasons. Furthermore, based on our client base, we do not expect there will be a significant number of entities that qualify as investment entities in New Zealand.**

3. Do you agree with how we have proposed to modify IPSAS 35 by including more guidance on predetermination (see paragraphs 21, 29.1, 35.1, AG8.1, AG53 and Example 29A)? If you do not agree, please explain why.

**Yes, we agree with these proposed modifications.**

4. Do you agree with the proposal to include integral application guidance on network and partner agreements in PBE IPSAS 35 (paragraphs AG31.1 to AG31.7)? If you do not agree, please explain why.

**Yes, we agree with the proposal to include integral application guidance on network and partner agreements in PBE IPSAS 35.**

5. Do you agree with the other proposed modifications to IPSAS 35 in PBE IPSAS 35? If you disagree, please provide reasons and indicate the nature of any additional modifications that you consider to be appropriate.

**Yes, we agree with the other proposed modifications.**

### ED NZASB 2016-3 PBE IPSAS 36 Investments in Associates and Joint Ventures

6. Do you agree that no substantive changes to IPSAS 36 are required to make it suitable for application by PBEs in New Zealand? If you disagree, please describe the additional changes that you consider to be appropriate.

**Yes, we agree that no substantive changes to IPSAS 36 are required.**

#### ED NZASB 2016-4 PBE IPSAS 37 Joint Arrangements

7. Do you agree with the proposed modifications to IPSAS 37 in PBE IPSAS 37? If you disagree, please provide reasons and indicate the nature of any additional modifications that you consider to be appropriate.

**Yes, we agree with the proposed modifications.**

#### ED NZASB 2016-5 PBE IPSAS 38 Disclosure of Interests in Other Entities

8. Do you agree that no substantive changes to IPSAS 38 are required to make it suitable for application by PBEs in New Zealand? If you disagree, please describe the additional changes that you consider to be appropriate.

**Yes, we agree that no substantive changes to IPSAS 38 are required.**

#### General

9. Do you agree with the Reduced Disclosure Regime concessions proposed in the EDs? If you disagree, please provide reasons and indicate any additional concessions that you consider would be appropriate.

**Yes, we agree with the Reduced Disclosure Regime concessions.**

10. Do you agree with the proposal that the final PBE Standards should have an effective date of 1 January 2019, with earlier application permitted?

**Yes, we agree with an effective date of 1 January 2019.**

11. Do you have any other comments on the EDs?

**We have no further comments.**

## **Appendix 2 - Information on BDO**

1. BDO New Zealand is a network of eleven independently owned accounting practices, with fifteen offices located throughout New Zealand.
2. BDO firms in New Zealand offer a full range of accountancy services, including business advisory, audit, taxation, risk advisory, internal audit, corporate finance, forensic accounting and business recovery and insolvency.
3. BDO in New Zealand has 91 partners and over 750 staff.
4. BDO firms throughout New Zealand have a significant number of clients in the not-for-profit sector.
5. Five BDO firms in New Zealand (BDO Auckland, BDO Christchurch, BDO Northland, BDO Waikato and BDO Wellington) are registered audit firms and twelve audit partners are licensed auditors.
6. Internationally, BDO is the fifth largest full-service audit, tax and advisory firm in the world, with almost 60,000 people in 1,328 offices across over 152 territories.