

21 September 2017

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

Dear Sir

Requests to comment on Exposure Draft ED NZASB 2017-2 2017 Omnibus Amendments to NZ IFRS

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

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

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

More information on BDO is provided in Appendix 2 to this letter.

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) should you have any queries or require further information.

Yours faithfully,



BDO New Zealand
Michael Rondel
Audit Technical Director

+64 3 353 5527
michael.rondel@bdo.co.nz



Natalie Tyndall
Head of Financial Reporting

+64 9 373 9051
natalie.tyndall@bdo.co.nz

Appendix 1 - Response to questions

Question 1

Do you agree with the proposal to add paragraph NZ 4.2 to NZ IFRS 10 *Consolidated Financial Statements* to require the ultimate New Zealand parent entity to present consolidated financial statements in accordance with the Standard (except where the parent is an investment entity)? If you disagree, please provide reasons.

Yes, we agree with the proposal, as it will remove the inconsistency between generally accepted accounting practice and the legislative requirements in the Companies Act 1993. In addition, it increases harmonisation with Australia.

Question 2

Do you agree with the proposal to add paragraph NZ 17.2 to NZ IAS 28 *Investments in Associates and Joint Ventures* to require the ultimate New Zealand parent to apply the equity method when accounting for investments in associates and joint ventures (except where the parent is an investment entity)? If you disagree, please provide reasons.

Yes, we agree with the proposal, as it is consistent with the proposed amendment under Question 1 above.

Question 3

Do you agree with the proposal to amend NZ IFRS 4 *Insurance Contracts* to:

- (a) align the definition of “separate financial statements” in Appendix C and Appendix D with the amended definition in NZ IAS 27 *Separate Financial Statements*; and
- (b) amend paragraph 10.7(a) of Appendix C to correctly refer to the standards that define subsidiaries, joint ventures and associates?

If you disagree, please provide reasons.

Yes, we agree with the proposal

Question 4

Do you agree with the proposal to retain paragraphs E2, E11 and E12, paragraphs E1 and E14 as amended and the definitions in paragraph E23 that are still relevant for Appendix E of NZ IFRS 7 *Financial Instruments: Disclosures*? If you disagree, please provide reasons.

Yes, we agree with the proposal.

Question 5

Do you agree with the proposal to amend FRS-43 *Summary Financial Statements* to align the titles of the financial statements with the titles of the financial statements in NZ IAS 1 *Presentation of*

Financial Statements and to remove the irrelevant wording from paragraph 10(d)? If you disagree, please provide reasons.

Yes, we agree with the proposal.

Question 6

Do you agree with the proposed effective date of:

- (a) annual periods beginning on or after 1 January 2019 for the proposed amendments to NZ IFRS 10 *Consolidated Financial Statements* and NZ IAS 28 *Investments in Associates and Joint Ventures*, with early adoption permitted; and
- (b) annual periods beginning on or after 1 January 2018 for all the other amendment, with early adoption permitted?

If you disagree, please provide reasons.

We question why there is a need for a delayed effective date (1 January 2019) for the proposed amendments to NZ IFRS 10 *Consolidated Financial Statements* and NZ IAS 28 *Investments in Associates and Joint Ventures*. It is preferable to remove any inconsistencies between legislative requirements and generally accepted accounting practice as quickly as possible so it would be preferable to have the effective date for this amendment also being 1 January 2018.

Furthermore, in our experience, the limited number of entities that are in this position complied with the legislative requirements in the Companies Act 1993 irrespective of the exemptions available under NZ IFRS.

We agree with the proposed effective date of 1 January 2018 for all the other amendments.

Question 7

Do you have any other comments on ED NZASB 2017-2?

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 89 partners and over 800 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 thirteen audit partners are licensed auditors.
6. Internationally, BDO is the fifth largest full-service audit, tax and advisory firm in the world, with over 67,700 people in 1,401 offices across over 158 countries and territories.