

## **2018 OMNIBUS AMENDMENTS TO TIER 3 AND TIER 4 PBE ACCOUNTING REQUIREMENTS**

This Standard was issued on 12 July 2018 by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) 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 9 August 2018.

Reporting entities that are subject to this Standard are required to apply it in accordance with the effective date, which is set out in Part E.

In finalising this Standard, the New Zealand Accounting 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 Tier 3 and Tier 4 PBE Accounting Requirements for the following:

- (a) To align terminology and concepts with terminology and concepts in the *Public Benefit Entities' Conceptual Framework*;
- (b) To make limited changes to clarify existing requirements;
- (c) To add a requirement to sign and date the performance report;
- (d) To reflect amendments arising from the *2017 Amendments to XRB A1 Application of the Accounting Standards Framework*;
- (e) Minor editorial amendments; and
- (f) Corrections to the glossaries.

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## Part A: Introduction

This Standard includes:

- (a) Amendments to align terminology and concepts with terminology and concepts in the *Public Benefit Entities' Conceptual Framework* (PBE Conceptual Framework). These amendments are to the Tier 3 standards only;
- (b) Clarification of existing requirements;
- (c) Addition of a requirement to sign and date the performance report;
- (d) Amendments arising from the *2017 Amendments to XRB A1 Application of the Accounting Standards Framework (2017 Amendments to XRB A1)*. These amendments are to the Tier 4 standards only;
- (e) Minor editorial amendments; and
- (f) Corrections to the glossaries (Tier 3 Standards).

## Part B: Scope

This Standard applies to Tier 3 and Tier 4 public benefit entities.

## Part C: Amendments to simple format reporting standards

### PBE SFR–A (NFP) *Public Benefit Entity Simple Format Reporting–Accrual (Not-For-Profit)*

Paragraphs 6, 7, 8, 9, A10, A113, A114, A115, A180, A182 and A202, Table 1: *Recording of Specific Types of Revenues* (follows paragraph A62), Table 2: *Recording of Specific Types of Expenses* (follows paragraph A80) and Table 3: *Recording of Specific Types of Asset* (follows paragraph A107) are amended, paragraphs 14, A107.1, A107.2, A148.1 and A148.2 are added and paragraph A12 is deleted. Paragraphs A62, A80, A107, A116 and A206 have not been amended but are shown for ease of reference. New text is underlined and deleted text is struck through.

#### Standard

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6. Where this Standard does not provide guidance on a specific type of transaction or event, the entity shall use its judgement to determine an appropriate method of accounting for that transaction type that results in the performance report providing relevant and ~~reliable~~ faithfully representative information. The entity shall refer to, and consider the applicability of, the following in descending order:
- (a) The principles and requirements in this Standard dealing with similar and related transactions or events; and
  - (b) The definitions and concepts in the PBE Conceptual Framework ~~Framework~~ to the extent that they do not conflict with this Standard.

In making the judgement described above, the entity might also consider (but is not required to apply) the relevant requirements in the Tier 2 PBE Accounting Requirements dealing with the same, similar or related transactions or events.

#### Application of PBE Standards

7. An entity that is eligible to apply this Standard, and elects to do so, may elect to apply the requirements of a PBE Standard that is part of the Tier 2 PBE Accounting Requirements to a specific type of transaction, as long as it applies that option to all transactions of that type. For example, an entity may decide to opt up to PBE IPSAS 17 *Property, Plant and Equipment* for a class of assets, such as buildings, so that it can revalue ~~a that class of assets,~~ or an entity may decide to opt up to the financial instruments standards (PBE IPSAS 28 *Financial Instruments: Presentation*, PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* (or PBE IFRS 9 *Financial Instruments*), and PBE IPSAS 30 *Financial Instruments: Disclosures*) for a class<sup>1</sup> of financial instruments, such as investments in shares, so that it can measure that class of financial instruments at fair value (in which case it must apply the whole standard to that class).

<sup>1</sup> PBE IPSAS 30 (paragraphs 9, AG1 and AG2) provides guidance on determining classes of financial instruments.

8. If, for a ~~particular~~ specific type of transaction, an entity elects to apply the requirements of a PBE Standard that is part of the Tier 2 PBE Accounting Requirements instead of applying the requirements in this Standard, the entity shall disclose this in the statement of accounting policies.
9. If, for a ~~particular~~ specific type of transaction, an entity elects to apply the requirements of a PBE Standard that is part of the Tier 2 PBE Accounting Requirements instead of applying the requirements in this Standard, the entity cannot then choose to return to applying this Standard for that type of transaction

unless the entity complies with the requirements of this Standard for changes in accounting policies (see paragraph A180).

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### Effective Date

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14. 2018 Omnibus Amendments to Tier 3 and Tier 4 PBE Accounting Requirements, issued in June 2018, amended paragraphs 6, 7, 8, 9, A10, A113, A114, A115, A180, A182 and A202, Table 1: Recording of Specific Types of Revenues (follows paragraph A62), Table 2: Recording of Specific Types of Expenses (follows paragraph A80), Table 3: Recording of Specific Types of Asset (follows paragraph A107) and the Glossary, added paragraphs A107.1, A107.2, A148.1, A148.2 and deleted paragraph A12. An entity shall apply those amendments for periods beginning on or after 1 January 2019. Earlier application is permitted.

...

## Appendix A: Specific Requirements

*This Appendix contains the requirements for Public Benefit Entity Simple Format Reporting–Accrual (Not-For-Profit). It is an integral part of the Standard.*

...

### Presentation of the Entity’s Performance

A10. The performance report shall present fairly (or “provide a true and fair view” of) the entity’s service performance, financial performance and cash flows over the financial year, and its position at balance date, in accordance with this Standard. Fair presentation is achieved by compliance with this Standard, and also requires an entity to:

- (a) Select and apply appropriate accounting policies (section 8);
- (b) Present information in the best way to achieve the following goals:
  - (i) Relevance: the information can be used to assess the entity’s performance.
  - (ii) Reliability Faithful representation: the information represents what has happened in a way that most users would see as a fair representation of the situation, with no bias. Information is complete, neutral and free from material error.
  - (iii) Understandability: information is presented so that users can identify the main points of the entity’s performance in that year and ask questions about that. Users should not have to be a qualified accountant to do this.
  - (iv) Timeliness: The performance report should be provided as soon as possible following the end of the financial year so that the information is useful and relatively current. For some not-for-profit PBEs legislation<sup>1</sup> defines the period by which the annual performance report must be completed.
  - (v) Comparability: users are able to compare what the entity did this year with what the entity did last year. Users might also want to see how the entity performed compared to similar entities in the same sector this year.
  - (vi) Understandability: information is presented so that users can identify the main points of the entity’s performance in that year and ask questions about that. Users should not have to be a qualified accountant to do this.
  - (vi) Verifiability: the information reported is capable of being supported by independent means. Verifiability helps assure users with different levels of knowledge that the information in the performance report is without material error or bias.

<sup>1</sup> The Charities Act 2005 requires that the financial statements must accompany the annual return that must be filed within 6 months of the end of the financial year.

...

A12. ~~Timeliness of reporting is important. The performance report should be provided as soon as possible following the end of the financial year so that the information is useful and relatively current. For some not for profit PBEs legislation defines the period by which the annual performance report must be completed. [Deleted]~~

...

**Accounting for Revenue**

A62. Revenue shall be recorded on the occurrence of a recognition event. This is when there is a legal right to receive cash either now or sometime in the future. The timing of the recording of specific revenue types is provided in Table 1.

*Table 1: Recording of Specific Types of Revenues*

| Source  | When to Record   | Comments  |
|---|--|---|
| <b>Donations, fundraising and other similar revenue</b>                           |  |   |
| ...   |  |   |
| Grants that are service contracts which have a “use or return” condition attached | On receipt of grant record asset received (generally cash) and a liability. As the conditions are met (i.e. services provided) the liability is reduced and revenue is recorded. | The liability as at balance date reflects the extent to which obligations under the service contract have not been satisfied. |
| ...   |  |   |
| <b>Revenue from providing goods or services</b>                                   |  |   |
| ...   |  |   |
| Grants that are service contracts which have a “use or return” condition attached | On receipt of grant record asset received (generally cash) and a liability. As the conditions are met (i.e. services provided) the liability is reduced and revenue is recorded. | The liability as at balance date reflects the extent to which obligations under the service contract have not been satisfied. |
| ...   |  |   |

...

**Accounting for Expenses**

A80. Expenses shall be recorded on the occurrence of a recognition event. This is where there is a legal obligation to pay cash either now or sometime in the future (this is normally referred to as the point at which an expense is “incurred”). The timing of the recording of specific expense types is provided in Table 2.

*Table 2: Recording of Specific Types of Expenses*

| Source                | When to Record | Comments |
|-----------------------|----------------|----------|
| ...                   |                |          |
| <b>Other expenses</b> |                |          |
| ...                   |                |          |

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| Source   | When to Record   | Comments   |
|--|--|--|
| Impairment charges<br>(changes in the value of assets)<br><u>Reversal of an impairment charge recorded in a prior period</u> | Record the expense when it is apparent that an asset is recorded at an amount that is greater than its net realisable value.<br><br><u>Reverse the expense when there is an indication that an impairment charge recorded in a prior period may no longer exist or may have decreased.</u><br>(see paragraphs A107.1 and A107.2) | The impairment expense is the amount by which the asset's recorded amount is reduced.<br><br>Impairment charges relate mostly to property, plant and equipment, inventory, and receivables (which become bad debts).<br><br>See also Table 3 for further discussion on impairment. |

...

**Accounting for Assets**

A107. Assets shall be recorded on the occurrence of a recognition event and reported using the measurement basis appropriate for the asset type. Details for recording and measuring specific asset types are provided in Table 3.

*Table 3: Recording of Specific Types of Asset*

|  |  |
|--|--|
| ...  |  |
| <b>Other Assets</b>  |  |
| When to record   | When:<br>(a) The asset is acquired; and<br>(b) The asset has a cost or value that can be measured reliably. <sup>(a)</sup> |
| ...  |  |
| (a) Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent. |  |

**Reversal of Impairment Charges**

A107.1 If there is any indication that an impairment charge recorded in prior periods for an asset:

- (a) May no longer exist; or
- (b) May have decreased (i.e. if it is apparent that an asset is recorded at an amount that is less than its net realisable value);  
  
an entity shall reverse all or part of that impairment charge.

A107.2 The reversal of the impairment charge shall:

- (a) In the case of inventories, be limited to the amount of the original write-down;
- (b) In the case of investments, not result in the carrying amount of the asset being recorded at more than its original cost; and
- (c) In the case of property, plant and equipment, not result in the carrying amount of the asset (net of depreciation) being recorded at more than it would have been had the impairment not been recorded.

...

**Revaluation of Property, Plant and Equipment**

A113. As specified in Table 3, purchased property, plant and equipment is to be measured on the cost basis. However, an entity may elect to revalue a class of property, plant and equipment. Entities are more likely to make such an election when the value of an asset has increased significantly over that asset's life (such as land or a building).



A114. If an entity wishes to revalue ~~an~~ class of assets, it shall apply the relevant requirements of PBE IPSAS 17 *Property, Plant and Equipment*, except that the entity may use the current rateable or government valuation (rather than fair value as required by PBE IPSAS 17) when revaluing. Where this is the case, the entity shall disclose the source and date of the valuation in the notes to the performance report.

A115. It is important to note that once property, plant and equipment is revalued, the requirements of ~~Tier 2 PBE Accounting Standards~~ mean that it is likely that the entity will need to continue measuring ~~those assets that~~ class of assets at revalued amounts thereafter (rather than reverting ~~back~~ to asset cost).

A116. If the entity chooses not to revalue property, plant and equipment but considers that a current value of some assets is useful information for users of the performance report, the entity may choose to disclose that current value, and the basis (such as the, rateable or government valuation) and date of that valuation in the notes to the performance report.

...

#### Approval and Issue of Performance Report

##### Explanation

A148.1 It is important for users to know when the performance report was authorised for issue, as the performance report does not reflect events after this date. The performance report is authorised for issue when it is signed and dated by the body or individuals with the authority to approve the performance report for issue.

##### Required Information

A148.2 An entity shall disclose in the performance report the date the performance report was approved and authorised for issue, who gave that authorisation and the relevant signature(s).

...

#### *Specific Accounting Policies*

...

A180. Where an entity has elected to apply the requirements of a PBE Standard that is part a provision of the Tier 2 PBE Accounting ~~Standards~~ Requirements in place of a requirement of this Standard (see paragraphs 7–9), the ~~Tier 2 PBE Accounting Standard~~ applied shall be disclosed.

...

A182. An entity shall change an accounting policy only if the change:

- (a) Is required by this Standard; or
- (b) Is in accordance with this Standard and results in the statements providing more ~~reliable~~ faithfully representative or more relevant information about the effects of transactions or other events and conditions on the entity's service performance, financial performance, financial position, or cash flows.

...

#### *Related Party Transactions*

##### *Explanation*

A202 A related party transaction is a transfer of money or other resource between the reporting entity and a person or other entity that is closely associated with the reporting entity that has the ability to influence the reporting entity. This includes ~~significant~~ normal business transactions as well as ~~significant~~ transactions below market price (including the provision of free goods or services).

...

##### *Requirements*

A206. An entity shall disclose in the notes to the performance report, transactions with a related party that have occurred during the financial year if:

- (a) The transaction is significant to the entity (individually or in aggregate with similar transactions); or

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- (b) The transaction (either significant or insignificant) is on terms and conditions that are likely to be different from the terms and conditions of transactions in similar circumstances between parties that are not related.

## **PBE SFR–A (PS) Public Benefit Entity Simple Format Reporting –Accrual (Public Sector)**

Paragraphs 6, 7, 8, 9, A11, A115, A116, A117, A182 and A184, Table 2 *Recording of Specific Types of Expenses* (follows paragraph A83) and Table 3: *Recording of Specific Types of Asset* (follows paragraph A109) are amended, Paragraphs 14, A109.1, A109.2, A150.1, A150.2 are added and paragraph A13 is deleted. Paragraphs A83, A109 and A118 have not been amended but are shown for ease of reference. New text is underlined and deleted text is struck through.

### **Standard**

6. Where this Standard does not provide guidance on a specific type of transaction or event, the entity shall use its judgement to determine an appropriate method of accounting for that transaction type that results in the performance report providing relevant and ~~reliable~~ faithfully representative information. The entity shall refer to, and consider the applicability of, the following in descending order:
- (a) The principles and requirements in this Standard dealing with similar and related transactions or events; and
  - (b) The definitions and concepts in the PBE Conceptual Framework ~~Framework~~ to the extent that they do not conflict with this Standard.

In making the judgement described above, the entity might also consider (but is not required to apply) the relevant requirements in the Tier 2 PBE Accounting Requirements dealing with the same, similar or related transactions or events.

7. An entity that is eligible to apply this Standard, and elects to do so, may elect to apply the requirements of a PBE Standard that is part of the Tier 2 PBE Accounting Requirements to a specific type of transaction, as long as it applies that option to all transactions of that type. For example, an entity may decide to opt up to PBE IPSAS 17 *Property, Plant and Equipment* for a class of asset, such as buildings, so that it can revalue ~~a that class of assets~~, or an entity may decide to opt up to the financial instruments standards (PBE IPSAS 28 *Financial Instruments: Presentation*, PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* (or PBE IFRS 9 *Financial Instruments*), and PBE IPSAS 30 *Financial Instruments: Disclosures*) for a class<sup>1</sup> of financial instruments, such as, investments in shares, so that it can measure that class of financial instruments at fair value (in which case it must apply the whole standard to that class).

<sup>1</sup> PBE IPSAS 30 (paragraphs 9, AG1 and AG2) provides guidance on determining classes of financial instruments.

8. If, for a ~~particular~~ specific type of transaction, an entity elects to apply the requirements of a PBE Standard that is part of the Tier 2 PBE Accounting Requirements instead of applying the requirements in this Standard, the entity shall disclose this in the statement of accounting policies.
9. If, for a ~~particular~~ specific type of transaction, an entity elects to apply the requirements of a PBE Standard that is part of the Tier 2 PBE Accounting Requirements instead of applying the requirements in this Standard, the entity cannot then choose to return to applying this Standard for that type of transaction unless the entity complies with the requirements of this Standard for changes in accounting policies (see paragraph A180~~2~~).

...

### **Effective Date**

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14. 2018 Omnibus Amendments to Tier 3 and Tier 4 PBE Accounting Requirements, issued in June 2018, amended paragraphs 6, 7, 8, 9, A11, A115, A116, A117, A182 and A184, Table 2 *Recording of Specific Types of Expenses* (follows paragraph A83), Table 3: *Recording of Specific Types of Asset* (follows paragraph A109) and the Glossary, added paragraphs A109.1, A109.2, A150.1, 150.2 and deleted paragraph A13. An entity shall apply those amendments for periods beginning on or after 1 January 2019. Earlier application is permitted.

## Appendix A: Specific Requirements

*This Appendix contains the requirements for Public Benefit Entity Simple Format Reporting–Accrual (Public Sector). It is an integral part of the Standard.*

...

### Presentation of the Entity's Performance

A11. The performance report shall “fairly present” (the entity’s service performance, financial performance and cash flows over the financial year, and its position at balance date, in accordance with this Standard. Fair presentation is achieved by compliance with this Standard, and also requires an entity to:

- (a) Select and apply appropriate accounting policies (section 8);
- (b) Present information in the best way to achieve the following goals:
  - (i) Relevance: the information can be used to assess the entity’s performance.
  - (ii) ~~Reliability~~ Faithful representation: the information represents what has happened in a way that most users would see as a fair representation of the situation, ~~with no bias~~. Information is complete, neutral and free from material error.
  - (iii) Understandability: information is presented so that users can identify the main points of the entity’s performance in that year and ask questions about that. Users should not have to be a qualified accountant to do this
  - (iv) Timeliness: the performance report should be provided as soon as possible following the end of the financial year so that the information is useful and relatively current. For some public sector PBEs legislation defines the period by which the annual performance report must be completed.
  - (v) Comparability: users are able to compare what the entity did this year with what the entity did last year. Users might also want to see how the entity performed compared to similar entities in the same sector this year.
  - (vi) Verifiability: the information reported is capable of being supported by independent means. Verifiability helps assure users with different levels of knowledge that the information in the performance report is without material error or bias.
  - ~~(vi) Understandability: information is presented so that users can identify the main points of the entity’s performance in that year and ask questions about that. Users should not have to be a qualified accountant to do this.~~

...

~~A13. Timeliness of reporting is important. The performance report should be provided as soon as possible following the end of the financial year so that the information is useful and relatively current. For some public sector PBEs legislation defines the period by which the annual performance report must be completed. [Deleted]~~

...

### Accounting for Expenses

A83. Expenses shall be recorded on the occurrence of a recognition event. This is where there is a legal obligation to pay cash either now or sometime in the future (this is normally referred to as the point at which an expense is “incurred”). The timing of the recording of specific expense types is provided in Table 2.

*Table 2: Recording of Specific Types of Expenses*

| Source   | When to Record   | Comments   |
|--|--|--|
| Impairment charges<br>(changes in the value of assets)<br><br><u>Reversal of an impairment charge recorded in a prior period</u> | Record the expense when it is apparent that an asset is recorded at an amount that is greater than its net realisable value.<br><br><u>Reverse the expense when there is an indication that an impairment charge recorded in a prior period may no longer exist or may have decreased.</u><br><br>(see paragraphs A109.1 and A109.2) | The impairment expense is the amount by which the asset's recorded amount is reduced.<br><br>Impairment charges relate mostly to property, plant and equipment, inventory, and receivables (which become bad debts).<br><br>See also Table 3 for further discussion on impairment. |

...

**Accounting for Assets**

A109. Assets shall be recorded on the occurrence of a recognition event and reported using the measurement basis appropriate for the asset type. Details for recording and measuring specific asset types are provided in Table 3.

*Table 3: Recording of Specific Types of Asset*

|   |  |
|---|--|
| ...   |  |
| <b>Other Assets</b>   |  |
| When to record  | When:<br>(a) The asset is acquired; and<br>(b) The asset has a cost or value that can be measured reliably. <sup>(a)</sup> |
| ...   |  |
| (a) <u>Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.</u> |  |

**Reversal of Impairment Charges**

A109.1 If there is any indication that an impairment charge recorded in prior periods for an asset

- (a) May no longer exist; or
- (b) May have decreased (i.e. if it is apparent that an asset is recorded at an amount that is less than its net realisable value);

an entity shall reverse all or part of that impairment charge.

A109.2 The reversal of the impairment charge shall:

- (a) In the case of inventories, be limited to the amount of the original write-down;
- (b) In the case of investments, not result in the carrying amount of the asset being recorded at more than its original cost; and
- (c) In the case of property, plant and equipment, not result in the carrying amount of the asset (net of depreciation) being recorded at more than it would have been had the impairment not been recorded.

...

**Revaluation of Property, Plant and Equipment**

A115. As specified in Table 3, purchased property, plant and equipment is to be measured on the cost basis. However, an entity may elect to revalue a class of property, plant and equipment. Entities are more likely to make such an election when the value of an asset has increased significantly over that asset's life (such as land or a building).

A116. If an entity wishes to revalue ~~an~~ class of assets, it shall apply the relevant requirements of PBE IPSAS 17 *Property, Plant and Equipment*, except that the entity may use the current rateable or government valuation (rather than fair value as required by PBE IPSAS 17) when revaluing. Where this is the case, the entity shall disclose the source and date of the valuation in the notes to the performance report.

A117. It is important to note that once property, plant and equipment is revalued, the requirements of ~~Tier 2 PBE Accounting Standards~~ mean that it is likely that the entity will need to continue measuring ~~those assets that~~ class of assets at revalued amounts thereafter (rather than reverting ~~back~~ to asset cost).

A118. If the entity chooses not to revalue property, plant and equipment but considers that a current value of some assets is useful information for users of the performance report, the entity may choose to disclose that current value, and the basis (such as the, rateable or government valuation) and date of that valuation in the notes to the performance report.

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#### *Approval and Issue of Performance Report*

##### Explanation

A150.1 It is important for users to know when the performance report was authorised for issue, as the performance report does not reflect events after this date. The performance report is authorised for issue when it is signed and dated by the body or individuals with the authority to approve the performance report for issue.

##### Required Information

A150.2 An entity shall disclose in the performance report the date the performance report was approved and authorised for issue, who gave that authorisation and the relevant signature(s).

...

#### *Specific Accounting Policies*

...

A182. Where an entity has elected to apply the requirements of a PBE Standard that is part a provision of the Tier 2 PBE Accounting ~~Standards~~ Requirements in place of a requirement of this Standard (see paragraphs 7–9), the ~~Tier 2 PBE Accounting~~ Standard applied shall be disclosed.

#### **Changes in Accounting Policies**

...

A184. An entity shall change an accounting policy only if the change:

- (a) Is required by this Standard; or
- (b) Is in accordance with this Standard and results in the statements providing more reliable faithfully representative or more relevant information about the effects of transactions or other events and conditions on the entity's service performance, financial performance, financial position, or cash flows.

## **PBE SFR–C (NFP) *Public Benefit Entity Simple Format Reporting–Cash (Not-For-Profit)***

Paragraph A109 is amended and paragraphs 2.1, 7, A69.1 and A69.2 are added. New text is underlined and deleted text is struck through.

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### **Scope**

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2.1 Where an entity controls<sup>1</sup> one or more entities and the total combined operating payments<sup>2</sup> of the entity and all its controlled entities do not exceed the legislative size threshold to report in accordance with this Standard, the controlling entity is not required to prepare consolidated financial statements/consolidated performance report.

<sup>1</sup> An entity determines whether it controls another entity in accordance with generally accepted accounting practice (GAAP). Explanatory Guide A9 *Financial Reporting by Not-for-profit Entities: Identifying Relationships for Financial Reporting Purposes* provides guidance for not-for-profit entities in determining whether an entity has a relationship with another entity for financial reporting purposes and, if so, the nature of that relationship.

<sup>2</sup> The combined operating payments of the entity and all its controlled entities excludes any payments between the entity and the controlled entities and/or between the controlled entities.

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### **Effective Date**

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7. 2018 Omnibus Amendments to Tier 3 and Tier 4 PBE Accounting Requirements, issued in June 2018, amended paragraph A109 and added paragraphs 2.1, A69.1 and A69.2. An entity shall apply those amendments for periods beginning on or after 1 January 2019. Earlier application is permitted.

## **Appendix A: Specific Requirements**

*This Appendix contains the requirements for Public Benefit Entity Simple Format Reporting–Cash (Not-For-Profit). It is an integral part of the Standard.*

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### ***Approval and Issue of Performance Report***

#### ***Explanation***

A69.1 It is important for users to know when the performance report was authorised for issue, as the performance report does not reflect events after this date. The performance report is authorised for issue when it is signed and dated by the body or individuals with the authority to approve the performance report for issue.

#### ***Required Information***

A69.2 An entity shall disclose in the performance report the date the performance report was approved and authorised for issue, who gave that authorisation and the relevant signature(s).

...

### ***Related Party Transactions***

#### ***Explanation***

A109. A related party transaction is a transfer of money or other resource between the reporting entity and a person or other entity that is closely associated with the reporting entity that has the ability to influence the reporting entity. This includes ~~significant~~ normal business transactions as well as transactions below the market price (including the provision of free goods or services).

## **PBE SFR–C (PS) *Public Benefit Entity Simple Format Reporting–Cash (Public Sector)***

Paragraphs 2.1, 7, A72.1 and A72.2 are added.

...

### **Scope**

...

2.1 Where an entity controls one or more entities and the total combined operating payments<sup>1</sup> of the entity and all its controlled entities do not exceed the legislative size threshold to report in accordance with this Standard, the controlling entity is not required to prepare consolidated financial statements/consolidated performance report.

<sup>1</sup> The combined operating payments of the entity and all its controlled entities excludes any payments between the entity and the controlled entities and/or between the controlled entities.

...

7. 2018 Omnibus Amendments to Tier 3 and Tier 4 PBE Accounting Requirements, issued in June 2018, added paragraphs 2.1, A72.1 and A72.2. An entity shall apply those amendments for periods beginning on or after 1 January 2019. Earlier application is permitted.

## **Appendix A: Specific Requirements**

*This Appendix contains the requirements for Public Benefit Entity Simple Format Reporting–Cash (Not-For-Profit). It is an integral part of the Standard.*

...

### ***Approval and Issue of Performance Report***

#### ***Explanation***

A72.1 It is important for users to know when the performance report was authorised for issue, as the performance report does not reflect events after this date. The performance report is authorised for issue when it is signed and dated by the body or individuals with the authority to approve the performance report for issue.

#### ***Required Information***

A72.2 An entity shall disclose in the performance report the date the performance report was approved and authorised for issue, who gave that authorisation and the relevant signature(s).



## Part D: Correction to glossaries

The following corrections are made to the Glossaries in PBE SFR–A (NFP) *Public Benefit Entity Simple Format Reporting–Accrual (Not-For-Profit)* and PBE SFR–A (PS) *Public Benefit Entity Simple Format Reporting–Accrual (Public Sector)*. New text is underlined and deleted text is struck through.

This error occurred when PBE IPSAS 34 to 35 dealing with interests in other entities were issued in January 2017. At that time the Glossaries were updated for some, but not all, of the relevant definitions in these standards.

### Correction

|                    |   |
|--------------------|---|
| Control            | <del>The power to govern the financial and operating policies of another entity so as to benefit from its activities.</del> <u>An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.</u> |
| Controlled entity  | <del>An entity, including an unincorporated entity such as a partnership, which is under the control of another entity (known as the controlling entity).</del> <u>An entity that is controlled by another entity.</u>  |
| Controlling entity | <del>An entity that has one or more controlled entities.</del> <u>An entity that controls one or more entities.</u>   |
| Economic entity    | <del>A group of entities comprising a controlling entity and one or more controlled entities.</del> <u>A controlling entity and its controlled entities.</u>  |

**Part E: Effective date**

The amendments are effective for periods beginning on or after 1 January 2019. Earlier application is permitted.