



NZ ACCOUNTING  
STANDARDS  
BOARD

## NZASB EXPOSURE DRAFT 2018-6<sup>1</sup>

### EFFECTIVE DATE OF PBE IFRS 9

This [draft]<sup>2</sup> Standard was issued on [date] by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This [draft] 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 [date].

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

In finalising this [draft] 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 [draft] Standard has been issued to defer the effective date of PBE IFRS 9 *Financial Instruments* from annual reporting periods beginning on or after 1 January 2021 to 1 January 2022. Following the issuance of PBE IPSAS 41 *Financial Instruments*, which supersedes PBE IFRS 9, this [draft] Standard also limits the ability of an entity to early adopt PBE IFRS 9. An entity may elect to apply PBE IFRS 9 if, and only if, the entity's date of initial application is before [Date – proposed date is 1 January 2020, which is expected to be six months after PBE IPSAS 41 is issued].

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<sup>1</sup> NZASB ED 2018-5 PBE IPSAS 41 *Financial Instruments* was issued concurrently with this ED. Entities that have early adopted PBE IFRS 9, or that are thinking of doing so, should consider the proposals in both EDs.

<sup>2</sup> References to “this Standard” throughout this Exposure Draft should be read as referring to “this draft Standard”.

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## Part A: Scope

This Standard applies to Tier 1 and Tier 2 public benefit entities.

## Part B: Amendments to PBE IFRS 9 *Financial Instruments*

On the front cover of PBE IFRS 9 a text box is added. This text box is not a formal amendment to the standard. It is shown here for information.

This Standard is superseded by PBE IPSAS 41 *Financial Instruments* issued in [Date]. An entity may elect to apply this Standard if, and only if, the entity's date of initial application is before [Date – proposed date is 1 January 2020 which is expected to be six months after PBE IPSAS 41 is issued].

Paragraph 7.1.1 is amended and paragraph 7.1.7 is added. Deleted text is struck through and new text is underlined.

### 7.1 Effective date

7.1.1 An entity shall apply this Standard for annual periods beginning on or after 1 January ~~2022~~2024. Earlier application is permitted if, and only if, the entity's date of initial application is before [Date – proposed date is 1 January 2020]. If an entity elects to apply this Standard early, it must disclose that fact and apply all of the requirements in this Standard at the same time (but see also paragraph 7.2.21). It shall also, at the same time, apply the amendments in Appendix D.

...

7.1.7 *Effective Date of PBE IFRS 9*, issued in [Date], amended paragraph 7.1.1. An entity shall apply that amendment for annual periods beginning on or after [Date – proposed date is 1 January 2020 which is expected to be six months after PBE IPSAS 41 is issued].

Paragraph BC20 and the related heading are added. New text is underlined. Paragraph BC19 is shown for ease of reading.

### Basis for Conclusions

...

#### *Effective date*

BC19. The NZASB issued PBE IFRS 9 in January 2017 with an effective date of annual periods beginning on or after 1 January 2021. The NZASB aligned the effective date of PBE IFRS 9 with its best estimate of the effective date of new and revised IPSASs dealing with financial instruments. This was to allow PBEs, in particular those that do not face mixed group issues, to defer adoption of the new requirements for financial instruments until the IPSASB has completed its project to revise its financial instruments standards and the NZASB has applied the PBE Policy Approach to those new and revised standards. Respondents were supportive of the delayed effective date. The NZASB noted that this could result in different PBEs applying different financial instrument standards for some time. The NZASB agreed to monitor the IPSASB's project and reconsider the effective date of this Standard if required.

#### *Deferral of effective date*

BC20. The IPSASB issued IPSAS 41 *Financial Instruments*, which is based on IFRS 9, in August 2018. Following the issue of IPSAS 41, the NZASB agreed to develop a new PBE Standard based on IPSAS 41 and to withdraw PBE IFRS 9. In order to ensure that PBE IFRS 9 did not become mandatorily effective before PBE IPSAS 41 the NZASB published NZASB ED 2018-6 *Effective Date of PBE IFRS 9* in November 2018 proposing to defer the effective date of PBE IFRS 9 by one year. ED 2018-6 also proposed

to permit entities to early-adopt PBE IFRS 9 for a limited period (six months) following the issue of the proposed PBE IPSAS 41 *Financial Instruments*. The NZASB noted that the IASB allowed a similar period of time for entities that were in the process of adopting earlier versions of IFRS 9 at the time that IFRS 9 (2014) was issued.

In Appendix D *Amendments to Other Standards* the amendments to PBE FRS 47 are further amended. A footnote is added to paragraph E1. New text is underlined.

### **PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other than those Previously Applying NZ IFRS***

...

#### **Short-term exemptions from PBE Standards**

- E1. If an entity's first PBE Standards reporting period begins before 1 January 2021 and the entity applies PBE IFRS 9 *Financial Instruments*,\* the comparative information in the entity's first set of financial statements under PBE Standards need not comply with PBE IPSAS 30 *Financial Instruments: Disclosures* or PBE IFRS 9, to the extent that the disclosures required by PBE IPSAS 30 relate to items within the scope of PBE IFRS 9. For such entities, references to the 'date of transition to PBE Standards' shall mean, in the case of PBE IPSAS 30 and PBE IFRS 9 only, the beginning of the first reporting period under PBE Standards.

\* Effective Date of PBE IFRS 9, issued [Date], deferred the effective date of PBE IFRS 9 from 1 January 2021 to 1 January 2022.

## **Part C: Effective date**

This Standard is effective for annual financial statements beginning on or after [Date – proposed date is 1 January 2020].