

NZASB EXPOSURE DRAFT 2019-4

WITHDRAWAL OF PBE FRS 46 (PROPOSED AMENDMENTS TO PBE FRS 47)

Issued [date]

This [draft]¹ 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 H.

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 amends PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS* to reflect the withdrawal of PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS*. It changes the title of PBE FRS 47 to *First-time Adoption of PBE Standards* and updates some of the requirements in PBE FRS 47.

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

¹ References to “this Standard” throughout this Exposure Draft should be read as referring to “this draft Standard”.

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International Accounting Standards Board
7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.
Tel: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411
Email: info@ifrs.org Web: www.ifrs.org

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Part A: Introduction

This [draft] Standard amends PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS* to reflect the withdrawal of PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS* and to update some of the requirements in PBE FRS 47.

The amendments:

- (a) Amend the title of PBE FRS 47. The amended title is *First-time Adoption of PBE Standards*;
- (b) Remove references to PBE FRS 46 and the requirements in that Standard; and
- (c) Make editorial corrections.

Part B: Scope

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

Part C: Withdrawal of PBE FRS 46

In conjunction with the issue of this amending standard, PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS* is withdrawn. The effective date of the revocation of PBE FRS 46 is the same as the effective date of this amending standard [proposed date is 1 January 2021].

Part D: Amendments to PBE FRS 47

On the cover page of the Standard, the title of PBE FRS 47 is amended and a sentence is added at the bottom of the page. New text is underlined and deleted text is struck through.

PUBLIC BENEFIT ENTITY FINANCIAL REPORTING STANDARD 47 FIRST-TIME ADOPTION OF PBE STANDARDS ~~BY ENTITIES OTHER THAN THOSE PREVIOUSLY APPLYING NZ IFRS~~ (PBE FRS 47)

...

This Standard, when applied, supersedes PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS* issued in May 2013.

In [date] the title of this Standard was changed to *First-time Adoption of PBE Standards*.

In the rubric, the title of PBE FRS 47 is amended. Deleted text is struck through.

Public Benefit Entity Financial Reporting Standard 47 *First-time Adoption of PBE Standards* ~~by Entities Other Than Those Previously Applying NZ IFRS~~ is set out in paragraphs 1–4347 and Appendices A–D. ...

...

Paragraphs 4 and 6 are amended. New text is underlined and deleted text is struck through.
Paragraphs 5 and 5.1 are shown for context.

Tier 1 Entities

4. **Subject to paragraph 5.1, a Tier 1 entity ~~that has not previously applied NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep or NZ IFRS RDR in the immediately preceding period~~ shall apply this PBE Standard in:**
- (a) **Its first set of financial statements under PBE Standards;**
 - (b) **Each interim financial report, if any, that it presents in accordance with PBE IAS 34 *Interim Financial Reporting* for part of the period covered by its first set of financial statements under PBE Standards; and**
 - (c) **Its first set of prospective financial statements presented in accordance with PBE FRS 42 *Prospective Financial Statements* where an entity presents such statements prior to presenting its first set of financial statements under PBE Standards.**
5. A Tier 1 entity's first set of financial statements under PBE Standards is the first annual financial statements in which the entity adopts PBE Standards by a statement that the financial statements have been prepared in accordance with PBE Standards. Financial statements prepared in accordance with PBE Standards are an entity's first set of financial statements under PBE Standards if, for example, the entity:
- (a) Presented its most recent previous financial statements in accordance with requirements that are not consistent with PBE Standards in all respects;
 - (b) Prepared financial statements in accordance with PBE Standards for internal use only, without making them available to the entity's owners or any other external users; or
 - (c) Did not present financial statements for previous periods.
- 5.1 This Standard does not apply when a Tier 1 entity presented financial statements in its most recent previous reporting period that contained a statement of compliance with PBE Standards RDR.
6. Notwithstanding the requirements in paragraphs 4 and 5, a Tier 1 entity that has applied PBE Standards in a previous period, but not in its most recent financial statements, shall either apply this Standard or else apply PBE Standards retrospectively in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* as if the entity had never stopped applying PBE Standards.

Paragraphs RDR 8.1 and RDR 8.4 are amended. New text is underlined and deleted text is struck through. Paragraphs RDR 8.2 and RDR 8.3 are shown for context.

- RDR 8.1 **Subject to paragraph RDR 8.3, a Tier 2 entity ~~that has not previously applied NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep or NZ IFRS RDR in the immediately preceding period~~ shall apply this PBE Standard in:**
- (a) **Its first set of financial statements under PBE Standards RDR;**
 - (b) **Each interim financial report, if any, that it presents in accordance with PBE IAS 34 *Interim Financial Reporting* for part of the period covered by its first set of financial statements under PBE Standards RDR; and**
 - (c) **Its first set of prospective financial statements presented in accordance with PBE FRS 42 where an entity presents such statements prior to presenting its first set of financial statements under PBE Standards RDR.**

RDR 8.2 A Tier 2 entity's first set of financial statements under PBE Standards RDR is the first annual financial statements in which the entity adopts PBE Standards RDR by a statement that the financial statements have been prepared in accordance with PBE Standards RDR. Financial statements prepared in accordance with

PBE Standards RDR are an entity's first set of financial statements under PBE Standards RDR if, for example, the entity:

- (a) Presented its most recent previous financial statements in accordance with requirements that are not consistent with PBE Standards RDR in all respects;
- (b) Prepared financial statements in accordance with PBE Standards RDR for internal use only, without making them available to the entity's owners or any other external users; or
- (c) Did not present financial statements for previous periods.

RDR 8.3 This Standard does not apply when a Tier 2 entity presented financial statements in its most recent previous reporting period that contained a statement of compliance with PBE Standards.

RDR 8.4 Notwithstanding the requirements in paragraphs RDR 8.1 and RDR 8.2, a Tier 2 entity that has applied PBE Standards RDR in a previous period, but not in its most recent previous financial statements, shall either apply this Standard or else apply PBE Standards RDR retrospectively in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* as if the entity had never stopped applying PBE Standards RDR.

The definitions in paragraph 9 are amended. A sentence is added at the end of paragraph 9. New text is double underlined. Deleted text is struck through.

Definitions

9. The following terms are used in this Standard with the meanings specified:

~~For the purposes of this Standard, date Date of transition to PBE Standards:~~

(a) ...
...

~~NZ IFRS are Standards and Interpretations issued by the External Reporting Board (XRB) or the New Zealand Accounting Standards Board of the XRB comprising:~~

~~(a) — New Zealand equivalents to:~~

~~(i) — International Financial Reporting Standards;~~

~~(ii) — International Accounting Standards;~~

~~(iii) — IFRIC Interpretations; and~~

~~(iv) — SIC Interpretations; and~~

~~(b) — Domestic Financial Reporting Standards.~~

~~NZ IFRS Diff Rep comprises NZ IFRS with differential reporting recognition, measurement and disclosure concessions.~~

~~NZ IFRS PBE comprises NZ IFRS with PBE modifications.~~

~~NZ IFRS RDR comprises NZ IFRS with disclosure concessions for Tier 2 for-profit entities.~~

...

PBE Standards Reduced Disclosure Regime (PBE Standards RDR) comprises PBE Standards with disclosure concessions for Tier 2 public benefit entities.

Previous GAAP is the basis of accounting that a first-time adopter used immediately before adopting PBE Standards or PBE Standards RDR. Previous GAAP refers to any basis of accounting previously used by a first-time adopter, including the Tier 4 PBE Accounting Requirements and the basis of accounting used in special purpose financial reports.

...

Terms defined in other PBE Standards are used in this Standard with the same meaning as in those standards, and are reproduced in the Glossary of Defined Terms published separately.

Paragraphs 13, 14, 16 and 22 are amended. New text is underlined and deleted text is struck through.

13. The transitional provisions in other PBE Standards apply to changes in accounting policies made by an entity that already uses PBE Standards; they do not apply to a first-time adopter's transition to PBE Standards, except as specified in Appendices A–~~CD~~.
14. **Except as described in paragraphs 18–23 and Appendices A–~~CD~~, an entity shall, in its opening statement of financial position under PBE Standards:**
- (a) ...
- ...
16. **This Standard establishes two categories of exceptions to the principle that an entity's opening statement of financial position under PBE Standards shall comply with each PBE Standard:**
- (a) ...
- (b) **Appendices B–~~CD~~ grant exemptions from some requirements of other PBE Standards.**
- ...
22. **An entity may elect to use one or more of the exemptions contained in Appendices B–~~CD~~. An entity shall not apply these exemptions by analogy to other items.**

Paragraph RDR 30.1 is amended. New text is underlined and deleted text is struck through.

RDR 30.1 A Tier 2 entity's first PBE Standards RDR financial statements shall include reconciliations of its net assets/equity reported in accordance with previous GAAP to its net assets/equity in accordance with PBE Standards RDR for both (i) the date of transition to PBE Standards RDR, and (ii) the end of the latest period presented in the entity's most recent annual financial statements in accordance with previous GAAP.

Paragraph 42.7 is amended. New text is underlined and deleted text is struck through.

42.7 **2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraph C1 and added paragraph C3233. An entity shall apply those amendments when it applies Appendix A of PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*.**

Paragraph 42.9 is amended. New text is underlined and deleted text is struck through.

42.9 **PBE IPSAS 41 *Financial Instruments*, issued in March 2019, amended paragraphs 36, 42.5, A1–A6, C1, C11, C12, C16 and C17, and added paragraphs 36A, RDR36.1, A8–A8G, A9, C16A–C16C, C32, and ~~D5–D6E1 and E2~~. An entity shall apply those amendments when it applies PBE IPSAS 41.**

Paragraph 42.12 is added. New text is underlined.

42.12 ***Withdrawal of PBE FRS 46 (Amendments to PBE FRS 47), issued in [date], amended the title of PBE FRS 47 to reflect the withdrawal of PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS*. It also amended paragraphs 4, 6, RDR 8.1, RDR 8.4, 9, 13, 14, 16, 22, RDR 30.1, 42.7, 42.9 and A8D. An entity shall apply the amendments to paragraphs 4, 6, RDR 8.1, RDR 8.4, 9, 13, 14, 16, 22, RDR 30.1 and 42.7 to annual financial statements covering periods beginning on or after 1 January 2021. Earlier application is permitted. An entity shall apply the amendments to paragraphs 42.9, A8D, D5 and D6 when it applies PBE IPSAS 41.***

Appendix A

Exceptions to the Retrospective Application of other PBE Standards

In Appendix A, paragraph A8D, which was added by PBE IPSAS 41, is amended. New text is underlined and deleted text is struck through.

A8D. An entity shall apply the impairment requirements in paragraphs 57–112 of PBE IPSAS 41 retrospectively subject to paragraphs A8E–A8G and D5–D6~~E1–E2~~.

Appendix D

Short-Term Exemptions from PBE Standards

Paragraphs E1 and E2, which were added by PBE IPSAS 41 *Financial Instruments*, are renumbered as paragraphs D5 and D6 and the preceding heading is amended. New text is underlined and deleted text is struck through.

Investment Entities

D1. ...

D2. ...

Employee Benefits

D3. ...

Uncertainty over Income Tax Treatments

D4. ...

Exemption from the requirement to restate comparative information for PBE IPSAS 41

~~Appendix E~~

~~Short-Term Exemptions from PBE Standards~~

~~D5E1~~. If an entity's first PBE Standards reporting period begins before 1 January 2023 and the entity applies PBE IPSAS 41 *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 IPSAS 41, to the extent that the disclosures required by PBE IPSAS 30 relate to items within the scope of PBE IPSAS 41. For such entities, references to the 'date of transition to PBE Standards' shall mean, in the case of PBE IPSAS 30 and PBE IPSAS 41 only, the beginning of the first reporting period under PBE Standards.

~~D6E2~~. An entity that chooses to present comparative information that does not comply with PBE IPSAS 30 and PBE IPSAS 41 in its first year of transition shall:

- (a) Apply the requirements of its previous GAAP in place of the requirements of PBE IPSAS 41 to comparative information about items within the scope of PBE IPSAS 41.
- (b) Disclose this fact together with the basis used to prepare this information.
- (c) Treat any adjustment between the statement of financial position at the comparative period's reporting date (i.e., the statement of financial position that includes comparative information under previous GAAP) and the statement of financial position at the start of the first reporting period under PBE Standards (i.e., the first period that includes information that complies with PBE IPSAS 30 and PBE IPSAS 41) as arising from a change in accounting policy and give the disclosures required by paragraph 33(a)–(e) and (f) of PBE IPSAS 3. Paragraph 33(f) applies only to amounts presented in the statement of financial position at the comparative period's reporting date.

- (d) Apply paragraph 29(c) of PBE IPSAS 1 to provide additional disclosures when compliance with the specific requirements in PBE Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE FRS 47.

The footnote to paragraph BC3 is amended. New text is underlined and deleted text is struck through.

BC3. The NZASB noted that public benefit entities (PBEs) transitioning to PBE Standards could be classified as those that had previously applied standards in the NZ IFRS suites of standards* in the immediately preceding period and those that had not previously applied standards in the NZ IFRS suites of standards in the immediately preceding period.

...

* ~~When PBE Standards were first issued, the NZ IFRS suites of standards were include the various sets of standards based on IFRS that will exist at the time of transition, including NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep and NZ IFRS RDR. NZ IFRS PBE and NZ IFRS Diff Rep were subsequently withdrawn.~~

Paragraph BC4 is amended. A footnote is added. New text is underlined.

BC4. The NZASB therefore developed two standards:

- (a) PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS*; and
(b) PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS*.*

...

* This section of the Basis for Conclusions identifies matters considered when PBE FRS 46 and PBE FRS 47 were first developed. The NZASB subsequently withdrew PBE FRS 46 and amended the title of PBE FRS 47 in [date]. Matters considered at that time are discussed later in this Basis for Conclusions.

The footnote to paragraph BC5 is amended. New text is underlined.

BC5. Entities that have not previously applied standards in the NZ IFRS suites of standards may be public sector or not-for-profit entities. The NZASB noted that these entities may have applied Old GAAP* or may have applied other accounting policies in the preparation of their financial statements. In some cases, entities may not have prepared financial statements. In all cases, these entities would not have applied NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*. The NZASB considered that a standard based on NZ IFRS 1 would provide entities transitioning to PBE Standards with concessions similar to those made available to other entities when they transitioned to NZ IFRS.

...

* Old GAAP is New Zealand accounting standards and pronouncements that have authoritative support that were applicable in New Zealand prior to the adoption of NZ IFRS in New Zealand, and comprises Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs). [Old GAAP was withdrawn in 2015.]

Paragraph BC7 is amended. New text is underlined and deleted text is struck through.

BC7. The NZASB has included an additional concession for Tier 2 not-for-profit entities on transition to PBE Standards. These entities are not required to present comparative information in their first set of financial statements under PBE Standards. The concession is available only on transition to PBE Standards (for example, when moving from PBE Simple Format Reporting standards or special purpose reporting to PBE Standards) and not when moving between different tiers of PBE Accounting Standards.

Paragraphs BC13 to BC15 and the preceding heading are added.

Withdrawal of PBE FRS 46 in [date]

BC13. PBE FRS 46 was withdrawn in [date]. In September 2019 the NZASB issued ED 2019-4 *Withdrawal of PBE FRS 46* (Proposed amendments to PBE FRS 47). The NZASB proposed to withdraw PBE FRS 46 because of the limited circumstances in which entities could apply the Standard and the increasing differences between NZ IFRS and PBE Standards. These differences meant that the assumptions underpinning the approach in PBE FRS 46 no longer held and it would be difficult to maintain PBE FRS 46 as a separate standard. The NZASB noted that PBE FRS 47 had been developed for a wider range of entities than PBE FRS 46 and did not assume that an entity had applied a particular set of accounting policies. It was therefore suitable for application by all entities adopting PBE Standards, including those previously applying NZ IFRS.

BC14. The NZASB also proposed to change the title of PBE FRS 47 to *First-time Adoption of PBE Standards*.

BC15. The NZASB considered whether the RDR concessions in PBE FRS 47 were appropriate for all Tier 2 entities adopting PBE Standards. PBE FRS 47 permits a Tier 2 not-for-profit entity not to provide comparative information in its first set of financial statements prepared under PBE Standards. If a Tier 2 not-for-profit entity makes use of this concession it is required to attach a copy of the previous year's financial statements and explain significant differences in accounting policies between the two sets of financial statements. This concession was originally included in PBE FRS 47 because of concerns that it could be onerous for not-for-profit entities that had not previously applied NZ IFRS, in particular smaller entities, to present full comparative financial information on transition to PBE Standards. The NZASB agreed that, following the withdrawal of PBE FRS 46, this concession should continue to be available to all Tier 2 not-for-profit entities.

Part E: Amendments to other PBE Standards

PBE IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors

Paragraph BC4 is amended. A footnote is added. New text is underlined and deleted text is struck through.

First-time Adoption of PBE Standards

BC4. The NZASB agreed to develop a separate standard to establish requirements and concessions for the first-time adoption of PBE Standards. In developing PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS*, the NZASB decided that a change from one basis of accounting to another basis of accounting (for example, from NZ IFRSs to PBE Standards) is not a change in accounting policy to which PBE IPSAS 3 applies.*

...

* PBE FRS 46 was subsequently withdrawn – see *Withdrawal of PBE FRS 46* (Amendments to PBE FRS 47) issued in [Date].

PBE IPSAS 39 *Employee Benefits*

Paragraph 177 is amended. New text is underlined and deleted text is struck through.

177. When an entity adopts PBE FRS 47 *First-time Adoption of PBE Standards* ~~by Entities Other Than Those Previously Applying NZ IFRS~~ for financial reporting purposes subsequent to this effective date, this Standard applies to the entity's annual financial statements covering periods beginning on or after the date of adoption of PBE Standards.

PBE IPSAS 40 *PBE Combinations*

Paragraph 134.3 is amended and a footnote is added. New text is underlined and deleted text is struck through.

Limited Retrospective Application

- 134.3 An entity is permitted to apply the requirements of this Standard to PBE combinations that occurred before the effective date in paragraph 126.1, provided that on first-time application of this Standard it is also a first-time adopter of PBE Standards and has adopted PBE FRS 47 *First-time Adoption of PBE Standards* ~~by Entities Other Than Those Previously Applying NZ IFRS~~.*

...

* In [date of issue of amending standard] the title of PBE FRS 47 was amended from *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS* to *First-time Adoption of PBE Standards*. See *Withdrawal of PBE FRS 46 (Amendments to PBE FRS 47)* issued in [Date].

Paragraph AG50.1 is amended. New text is underlined and deleted text is struck through.

- AG50.1 Where the resulting entity is a continuing reporting entity and has previously applied PBE Standards prior to the amalgamation but one or more of the combining operations have not previously applied PBE Standards prior to the amalgamation, the resulting entity shall:
- (a) Prepare an opening statement of financial position as at the amalgamation date (this shall be the date of transition to PBE Standards) in accordance with paragraphs 10–23 of PBE FRS 47 *First-time Adoption of PBE Standards* ~~by Entities Other Than Those Previously Applying NZ IFRS~~ for each of the combining operations that have not previously applied PBE Standards; and
 - (b) Use the same accounting policies for those combining operations as are already being applied by the continuing reporting entity. However, the resulting entity may early adopt new or amending PBE Standards that have been issued but are not yet effective.

PBE IPSAS 41 *Financial Instruments*

PBE IPSAS 41, issued in March 2017, amended PBE FRS 47. These amendments were set out in Appendix D of PBE IPSAS 41. For the avoidance of doubt, the impact of *Withdrawal of PBE FRS 46* (Amendments to PBE FRS 47) on those amendments to PBE FRS 47 is noted here. These amendments will be shown in Appendix D of PBE IPSAS 41 until those amendments are compiled.

Appendix D (of PBE IPSAS 41) Amendments to Other Standards

...

PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS*

Paragraph A8D, which was added by PBE IPSAS 41, is amended. New text is underlined and deleted text is struck through.

Impairment of Financial Assets

A8D. An entity shall apply the impairment requirements in paragraphs 57–112 of PBE IPSAS 41 retrospectively subject to paragraphs A8E–A8G and D5–D6~~E1–E2~~.

Paragraphs E1 and E2 are renumbered as paragraphs D5 and D6 and the preceding heading is amended. New text is underlined and deleted text is struck through.

Uncertainty over Income Tax Treatments

D4. ...

Exemption from the requirement to restate comparative information for PBE IPSAS 41

Appendix E: Short-Term Exemptions from PBE Standards

~~D5E1~~. If an entity's first PBE Standards reporting period begins before 1 January 2023 and the entity applies PBE IPSAS 41 *Financial Instruments*, ...

~~D6E2~~. An entity that chooses to present comparative information that does not comply with PBE IPSAS 30 and PBE IPSAS 41 in its first year of transition shall:

(a) ...

PBE FRS 42 *Prospective Financial Statements*

Paragraph 73 is amended and a footnote is added. Paragraph 73.3 is added. New text is underlined and deleted text is struck through.

73. If an entity issues prospective financial statements in accordance with this Standard prior to its adoption of PBE Standards, it shall apply ~~PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS*~~ or PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS* as appropriate.

...

* In [date of issue of amending standard] the title of PBE FRS 47 was amended from *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS* to *First-time Adoption of PBE Standards*. See *Withdrawal of PBE FRS 46* (Amendments to PBE FRS 47) issued in [Date].

...

73.3 Withdrawal of PBE FRS 46 (Amendments to PBE FRS 47) issued in [date] amended paragraph 73.

XRB A1 Application of the Accounting Standards Framework

Appendix C is amended. Deleted text is struck through.

Accounting Standards

~~PBE FRS 46 — First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS~~

~~PBE FRS 47 — First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS~~

Part F: Amendments to EG A1 Guide to Application of the Accounting Standards Framework

Amendments to EG A1 as a consequence of the issuance of *Withdrawal of PBE FRS 46* (Amendments to PBE FRS 47) are shown below. Explanatory guides may be issued without formal public consultation because they contain explanatory material, have no legal status and are not mandatory. These amendments are included in this ED for completeness.

Paragraph 86 is amended.² New text is underlined and deleted text is struck through.

86 XRB A1 also sets out the “first-time adoption” requirements that must be applied when an entity first moves into a particular tier: a Tier 3 or Tier 4 PBE that subsequently applies Tier 1 or Tier 2 PBE Accounting Requirements is required to apply PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS*.

Part G: Changing heading levels in PBE FRS 47

The following headings are changed from Level 2 (10 font, bold, not italics) to Level 3 (10 font, italics). This aligns the level of these headings with the level of the equivalent headings in NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*.

Heading	Paragraph
<i>Estimates</i>	18
<i>Non-PBE Standards Comparative Information and Historical Summaries</i>	28
<i>Reconciliations</i>	30
<i>Designation of Financial Assets or Financial Liabilities</i>	36
<i>Use of Fair Value as Deemed Cost</i>	37
<i>Use of Deemed Cost for Investments in Controlled Entities, Joint Ventures and Associates</i>	38
<i>Interim Financial Reports</i>	39
<i>Prospective Financial Statements</i>	41

² Paragraph 86, as shown in this ED, reflects recent editorial amendments to EG A1.

Part H: Effective Date

The amendments in this Standard, with the exception of those that relate to PBE IPSAS 41 *Financial Instruments*, are effective for annual financial statements covering periods beginning on or after [Proposed date: 1 January 2021]. The amendments that relate to PBE IPSAS 41 *Financial Instruments* are effective when an entity applies PBE IPSAS 41.