



NZ ACCOUNTING  
STANDARDS  
BOARD

## **2020 AMENDMENTS TO PBE FRS 48**

### **Issued August 2020**

This Standard was issued on 20 August 2020 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 17 September 2020.

Reporting entities that are subject to this Standard are required to apply the Standard 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 Tier 1 and Tier 2 PBE Standard has been issued to defer the effective date of PBE FRS 48 *Service Performance Reporting* by one year. The relief has been granted because, as a result of the disruption caused by the COVID-19 pandemic in 2020, some entities may have experienced difficulty in collecting the information that would be required to report in accordance with PBE FRS 48.

COPYRIGHT

© External Reporting Board (XRB) 2020

This XRB standard contains copyright material. Reproduction within New Zealand in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgement of the source.

Requests and enquiries concerning reproduction and rights for commercial purposes within New Zealand should be addressed to the Chief Executive, External Reporting Board at the following email address: [enquiries@xrb.govt.nz](mailto:enquiries@xrb.govt.nz).

ISBN: 978-0-947505-92-9

**CONTENTS**

	<i>from page</i>
<b>PART A: INTRODUCTION</b>	9
<b>PART B: SCOPE</b>	9
<b>PART C: AMENDMENTS TO PBE FRS 48 <i>SERVICE PERFORMANCE REPORTING</i></b>	9
<b>PART D: AMENDMENTS TO OTHER STANDARDS</b>	10
<b>PART E: EFFECTIVE DATE</b>	11

## Part A – Introduction

This Standard sets out amendments to PBE FRS 48 *Service Performance Reporting*. It defers the effective date by one year, from 1 January 2021 to 1 January 2022. It also clarifies that explanations of variances are required only when an entity presents comparisons of actual versus prospective information.

Tier 2 public benefit entities are required to comply with all the requirements in this Standard.

## Part B – Scope

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

## Part C – Amendments to PBE FRS 48 *Service Performance Reporting*

Paragraphs 19, 37 and 48 are amended. Paragraphs 38A and 49 are added. New text is underlined and deleted text is struck through. Paragraphs 36 and 38–39 are shown for context.

19. The nature of the information that an entity provides to meet the requirements of paragraph 15(b) will depend on the circumstances of the entity. An entity shall consider all of the following factors in deciding what to report.
- (a) ...
  - (b) *What it intended to achieve during the reporting period.* ... Public sector entities are often required to publish information about planned performance in planning documents. In such cases this Standard requires comparisons between actual and planned performance (see paragraph ~~37~~38A).

### Comparative Information and Consistency of Reporting

36. Service performance information should provide users with a basis and context to compare an entity's service performance over time, and where appropriate, against planned performance or the performance of other entities. Consistency of reporting aids comparability and this Standard establishes requirements for consistent reporting. However, an entity's service performance activities and performance measures and/or descriptions may change over time. This Standard requires that an entity provide information about those changes.
37. **An entity shall report comparative information in respect of the preceding period. ~~An entity may also be required by legislation, or may elect, to report comparative information in respect of previously published prospective service performance information.~~ An entity shall report comparative information for all amounts reported in the current period and, where relevant, for the narrative and descriptive information reported in the current period. ~~Explanations for major variances shall be given.~~**
38. Comparative information shall be included for those performance measures and/or descriptions for which an amount is reported in the current period. Comparative information shall be included for narrative and descriptive information when it is relevant to an understanding of the current period's service performance information. Judgement is required in deciding when to provide comparative narrative and descriptive information.
- 38A. An entity may also be required by legislation, or may elect, to report comparisons of previously published prospective service performance information and current period service performance information (also referred to as budget versus actual). In such cases an entity shall report comparisons of previously published prospective information and current period information for all amounts reported in the current period and, where relevant, for the narrative and descriptive information reported in the current period. Explanations for major variances shall be given.

39. An entity reporting against previously published prospective service performance information shall consider whether original levels of planned activity or revised plans provide the most relevant and useful information. Information about revisions to plans during the period may help explain variances between original plans and actual results.

...

#### Effective Date

48. A public benefit entity shall apply this Standard for annual financial reports covering periods beginning on or after 1 January ~~2022~~ 2024. Earlier application is permitted.
49. 2020 Amendments to PBE FRS 48, issued in August 2020, amended paragraphs 19, 37 and 48 and added paragraph 38A. These amendments revised the effective date of PBE FRS 48 from 1 January 2021 to 1 January 2022. If an entity elects to apply PBE FRS 48 to annual financial reports beginning on or after 1 January 2021 it shall also apply those amendments. Earlier application of the amendments is permitted.

In the Basis for Conclusions, a footnote is added to paragraph BC39 and paragraphs BC46 and BC47 are added.

#### Effective Date

...

- BC39. The NZASB agreed that the Standard should have a three-year implementation period, with early adoption permitted.\*

\* 2020 Amendments to PBE FRS 48, issued in August 2020, subsequently deferred the effective date by one year. See paragraphs BC46 and BC47.

#### 2020 Amendments

- BC46. In May 2020 the NZASB issued ED 2020-1 *Proposed 2020 Amendments to PBE FRS 48*. The ED proposed to defer the effective date of PBE FRS 48 by one year (from 1 January 2021 to 1 January 2022). The NZASB acknowledged that the disruption caused by the COVID-19 pandemic in 2020 would have resulted in some PBEs being unable to complete the steps required to implement PBE FRS 48 by its original effective date. The ED also proposed to clarify that explanations of variances are required only when an entity presents comparisons of actual versus prospective information.
- BC47. The NZASB finalised the amendments in August 2020.

## Part D – Amendments to Other Standards

### Amendments to PBE FRS 47 *First-time Adoption of PBE Standards*

Paragraphs RDR 27.2 and RDR 27.3 are amended. Paragraph 42.13 is added. New text is underlined and deleted text is struck through. Paragraphs 25 to RDR 27.1 are shown for context.

#### Comparative Information

25. **An entity's first set of financial statements under PBE Standards shall include at least three statements of financial position, two statements of comprehensive revenue and expense, two separate statements of financial performance (if presented), two cash flow statements and two statements of changes in net assets/equity, and related notes, including comparative information for all statements presented.**
26. An entity's opening statement of financial position may be presented in the notes.
27. An entity is required to present all comparative information in accordance with PBE Standards, including the presentation of a comparative cash flow statement in accordance with PBE IPSAS 2 *Cash Flow Statements*.

RDR 27.1 A Tier 2 entity is not required to provide a statement of financial position as at the beginning of the earliest comparative period in accordance with paragraphs 25 and 26.

RDR 27.2 A Tier 2 not-for-profit entity is not required to present comparative information in its first set of financial statements under PBE Standards, but is required to present the opening statement of financial position. A Tier 2 not-for-profit entity is not required to present comparative service performance information in its first financial report under PBE Standards.

RDR 27.3 A Tier 2 not-for-profit entity which applies RDR 27.2 ~~to its first set of financial statements under PBE Standards~~ shall attach a copy of the previous year's financial statements, and explain in the notes the significant differences in accounting policies applied between the two sets of financial statements.

...

#### **Effective Date**

...

42.13 2020 Amendments to PBE FRS 48, issued in August 2020, amended paragraphs RDR 27.2 and RDR 27.3. 2020 Amendments to PBE FRS 48 revised the effective date of PBE FRS 48 from 1 January 2021 to 1 January 2022. If an entity elects to apply PBE FRS 48 to annual financial reports beginning on or after 1 January 2021 it shall also apply the amendments to paragraphs RDR 27.2 and RDR 27.3. Earlier application of the amendments is permitted.

Paragraph BC17 and the preceding heading are added. New text is underlined.
---

#### **Basis for Conclusions**

##### **2020 Amendments to PBE FRS 48**

BC17. In 2020 the NZASB acknowledged that the disruption caused by the COVID-19 pandemic could result in some entities experiencing difficulty in collecting the information required to report in accordance with PBE FRS 48 *Service Performance Reporting* from the original effective date of 1 January 2021. 2020 Amendments to PBE FRS 48 deferred the effective date of PBE FRS 48 by one year. The amendment also clarified that the RDR not-for-profit concession (in paragraph RDR 27.2) also applies to comparative service performance information.

## **Part E – Effective Date**

This Standard shall be applied for annual financial reports covering periods beginning on or after 1 January 2021. Earlier application is permitted.