



10 July 2020

Michael Bradbury  
Chair  
New Zealand Accounting Standards Board  
PO Box 11250  
Manners Street Central  
Wellington 6142

Dear Mike

**NZASB ED 2020-3 *Going Concern Disclosures (Proposed amendments to PBE IPSAS 1)***  
**NZASB ED 2020-2 *Going Concern Disclosures (Proposed amendments to FRS-44)***

Thank you for the opportunity to comment on the New Zealand Accounting Standards Board's (NZASB's) exposure drafts on proposed amendments to PBE IPSAS 1 and FRS 44 on going concern disclosures.

Our responses to the questions are set out below in relation to NZASB ED 2020-3 *Going Concern Disclosures (Proposed amendments to PBE IPSAS 1)*. Given that the same questions are asked in NZASB ED 2020-2 *Going Concern Disclosures (Proposed amendments to FRS-44)*, our comments also apply to NZASB ED 2020-2.

**Question 1**

*Do you agree with the proposal to introduce more specific disclosure requirements when the going concern assessment has involved the consideration of material uncertainties? If you disagree, please explain why.*

We agree with the proposal to introduce more specific disclosure requirements when the going concern assessment has involved the consideration of material uncertainties to better align with the requirements of para 19 of ISA (NZ) 570 (revised).

**Question 2**

*Do you agree with the proposal to introduce more specific disclosure requirements when the going concern assessment has led to the conclusion that there are no material uncertainties, but significant judgement has been applied in reaching that conclusion? If you disagree, please explain why.*

We agree with the proposal to introduce more specific disclosure requirements when the going concern assessment has led to the conclusion that there are no material uncertainties, but significant judgement has been applied in reaching that conclusion to better align with the requirements of para 20 of ISA (NZ) 570 (revised).

However, we suggest that the last sentence of para 41.2 be amended to read:

41.2 ... To the extent not already disclosed in accordance with paragraphs 137 and 140 of this Standard, where an entity prepares its financial report on a going concern basis, and those responsible for the preparation of financial reports are aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, it shall

disclose information about the significant judgements and assumptions made as part of its assessment of whether that the going concern assumption is appropriate.

We think it aligns better with the requirements of para 20 of ISA (NZ) 570 (revised) that no material uncertainty exists and the going concern assumption remains appropriate.

**Question 3**

*Do you agree with the proposed effective date of the amendments? If you disagree, please explain why.*

We agree with the proposed effective date for annual financial periods ending on or after 30 September 2020.

We note that it is proposed that earlier application of the amendments is permitted. As the proposed disclosures will be useful for entities reporting on the impact of Covid-19 on their going concern considerations, we recommend that early application of the amendments should be encouraged.

**Question 4**

*Do you agree that there should be no disclosure concessions for Tier 2 entities due to the pervasive nature of the going concern assessment?*

We agree there should be no disclosure concessions for Tier 2 entities due to the pervasive nature of the going concern assessment.

**Question 5**

*Are there any other issues in relation to going concern disclosures that you would like to be considered in the future?*

We have no other issues in relation to going concern disclosures that we wish to raise at this time.

**Question 6**

*Do you have any other comments on the proposals in this ED?*

We agree with the similar disclosures proposed for for-profit entities in FRS-44 and our comments on NZASB ED 2020-3 also apply to NZASB ED 2020-2.

If you have any questions about our submission, please phone Jacques Coetzee, Director, Accounting and Auditing Policy on 021 222 8316 or email him on [Jacques.Coetzee@oag.parliament.nz](mailto:Jacques.Coetzee@oag.parliament.nz).

Yours sincerely



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