

## **PUBLIC BENEFIT ENTITY FINANCIAL REPORTING STANDARD 47 FIRST-TIME ADOPTION OF PBE STANDARDS (PBE FRS 47)**

**Issued September 2014 and incorporates amendments to 31 January 2021 other than consequential amendments resulting from early adoption of PBE IFRS 17 *Insurance Contracts***

This Standard was issued on 11 September 2014 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 October 2014.

Reporting entities that are subject to this Standard are required to apply it in accordance with the effective dates in paragraphs 42 to 42.13.

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 as part of a revised full set of PBE Standards that incorporate enhancements for not-for-profit public benefit entities.

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 2020 the title of this Standard was changed to *First-time Adoption of PBE Standards*.

## PBE FRS 47 FIRST-TIME ADOPTION OF PBE STANDARDS (PBE FRS 47)

### COPYRIGHT

© External Reporting Board (XRB) 2014

This XRB standard contains International Financial Reporting Standards (IFRS®) Foundation 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) and the IFRS Foundation at the following email address: [permissions@ifrs.org](mailto:permissions@ifrs.org)

All existing rights (including copyrights) in this material outside of New Zealand are reserved by the IFRS Foundation. Further information and requests for authorisation to reproduce for commercial purposes outside New Zealand should be addressed to the IFRS Foundation.

ISBN 978-1-927292-59-4

### Copyright

IFRS Standards are issued by the  
International Accounting Standards Board  
Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.  
Tel: +44 (0)20 7246 6410  
Email: [info@ifrs.org](mailto:info@ifrs.org) Web: [www.ifrs.org](http://www.ifrs.org)

**Copyright © International Financial Reporting Standards Foundation** All rights reserved.

Reproduced and distributed by the External Reporting Board with the permission of the IFRS Foundation.

This English language version of the IFRS Standards is the copyright of the IFRS Foundation.

1. The IFRS Foundation grants users of the English language version of IFRS Standards (Users) the permission to reproduce the IFRS Standards for
  - (i) the User's Professional Use, or
  - (ii) private study and education

**Professional Use:** means use of the English language version of the IFRS Standards in the User's professional capacity in connection with the business of providing accounting services for the purpose of application of IFRS Standards for preparation of financial statements and/or financial statement analysis to the User's clients or to the business in which the User is engaged as an accountant.

For the avoidance of doubt, the abovementioned usage does not include any kind of activities that make (commercial) use of the IFRS Standards other than direct or indirect application of IFRS Standards, such as but not limited to commercial seminars, conferences, commercial training or similar events.

2. For any application that falls outside Professional Use, Users shall be obliged to contact the IFRS Foundation for a separate individual licence under terms and conditions to be mutually agreed.
3. Except as otherwise expressly permitted in this notice, Users shall not, without prior written permission of the Foundation have the right to license, sublicense, transmit, transfer, sell, rent, or otherwise distribute any portion of the IFRS Standards to third parties in any form or by any means, whether electronic, mechanical or otherwise either currently known or yet to be invented.

4. Users are not permitted to modify or make alterations, additions or amendments to or create any derivative works, save as otherwise expressly permitted in this notice.
5. Commercial reproduction and use rights are strictly prohibited. For further information please contact the IFRS Foundation at [permissions@ifrs.org](mailto:permissions@ifrs.org).

The authoritative text of IFRS Standards is that issued by the International Accounting Standards Board in the English language. Copies may be obtained from the IFRS Foundation's Publications Department.

Please address publication and copyright matters in English to:

IFRS Foundation Publications Department

Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.

Tel: +44 (0)20 7332 2730 Fax: +44 (0)20 7332 2749

Email: [publications@ifrs.org](mailto:publications@ifrs.org) Web: [www.ifrs.org](http://www.ifrs.org)

#### Trade Marks



The IFRS Foundation logo, the IASB logo, the IFRS for SMEs logo, the “Hexagon Device”, “IFRS Foundation”, “eIFRS”, “IAS”, “IASB”, “IFRS for SMEs”, “IASs”, “IFRS”, “IFRSs”, “International Accounting Standards” and “International Financial Reporting Standards”, “IFRIC” and “SIC” are **Trade Marks** of the IFRS Foundation.

#### Disclaimer

The authoritative text of the IFRS Standards is reproduced and distributed by the External Reporting Board in respect of their application in New Zealand. The International Accounting Standards Board, the Foundation, the authors and the publishers do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

# PBE FRS 47 FIRST-TIME ADOPTION OF PBE STANDARDS

## CONTENTS

	Paragraph
Objective.....	1
Scope.....	2–RDR 8.6
Tier 1 Entities.....	2–8
Tier 2 Entities.....	RDR 8.1–RDR 8.6
Definitions .....	9
Recognition and Measurement.....	10–23
Opening Statement of Financial Position.....	10
Accounting Policies.....	11–16
Exceptions to the Retrospective Application of other PBE Standards .....	17–21
Exemptions from other PBE Standards.....	22–23
Presentation and Disclosure.....	24–41
Comparative Information .....	25–28
Explanation of Transition to PBE Standards.....	29–41
Effective Date .....	42–42.13
Withdrawal and Replacement of PBE FRS 47 (May 2013).....	43
Appendix A Exceptions to the Retrospective Application of Other PBE Standards	
Appendix B Exemptions for PBE Combinations	
Appendix C Exemptions from other PBE Standards	
Appendix D Short-Term Exemptions from PBE Standards	
Basis for Conclusions	
History of Amendments	

Public Benefit Entity Financial Reporting Standard 47 *First-time Adoption of PBE Standards* is set out in paragraphs 1–43 and Appendices A–D. All the paragraphs have equal authority. PBE FRS 47 should be read in the context of its objective, the NZASB’s Basis for Conclusions on PBE FRS 47, the *Public Benefit Entities’ Conceptual Framework* and Standard XRB A1 *Application of the Accounting Standards Framework*. PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

## Objective

1. The objective of this Standard is to ensure that an entity's first set of financial statements prepared under PBE Standards, any interim financial reports for part of the period covered by those financial statements and any prospective financial statements presented prior to an entity's first set of financial statements under PBE Standards, contain high quality information that:
  - (a) Is transparent for users and comparable over all periods presented;
  - (b) Provides a suitable starting point for accounting in accordance with PBE Standards; and
  - (c) Can be generated at a cost that does not exceed the benefits.

## Scope

2. **This Standard applies to Tier 1 and Tier 2 public benefit entities.**
3. **A Tier 2 entity:**
  - (a) **Complies with paragraphs RDR 8.1–RDR 8.6 rather than paragraphs 4-8; and**
  - (b) **Is not required to comply with the requirements in this Standard denoted with an asterisk (\*). Where a Tier 2 entity elects to apply a disclosure concession it shall comply with any RDR paragraphs associated with that concession.**

### Tier 1 Entities

4. **Subject to paragraph 5.1, a Tier 1 entity 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.
- 6.1 When a Tier 1 entity does not elect to apply this Standard in accordance with paragraph 6, the entity shall nevertheless apply the disclosure requirements in paragraphs 29.1 and 29.3 of this Standard in addition to the disclosure requirements in PBE IPSAS 3.
7. This PBE Standard does not apply to changes in accounting policies made by a Tier 1 entity that already applies PBE Standards. Such changes are the subject of:
  - (a) Requirements on changes in accounting policies in PBE IPSAS 3; and

- (b) Specific transitional requirements in other PBE Standards.

8. [Deleted]

## Tier 2 Entities

RDR 8.1 Subject to paragraph RDR 8.3, a Tier 2 entity 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.

RDR 8.5 When a Tier 2 entity does not elect to apply this Standard in accordance with paragraph RDR 8.4, the entity shall nevertheless apply the disclosure requirements in paragraphs RDR 29.2 and RDR 29.4 of this Standard in addition to the disclosure requirements in PBE IPSAS 3.

RDR 8.6 This PBE Standard does not apply to changes in accounting policies made by a Tier 2 entity that already applies PBE Standards RDR. Such changes are the subject of:

- (a) Requirements on changes in accounting policies in PBE IPSAS 3; and
- (b) Specific transitional requirements in other PBE Standards.

## Definitions

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

### **Date of transition to PBE Standards:**

- (a) **Is the beginning of the earliest period for which an entity presents full comparative information in its first set of financial statements under PBE Standards; or**
- (b) **Is the beginning of the current period for a Tier 2 not-for-profit entity that does not provide full comparative information in its first set of financial statements under PBE Standards.**

**Deemed cost** is an amount used as a surrogate for cost or depreciated cost at a given date. Subsequent depreciation or amortisation assumes that the entity had initially recognised the asset or liability at the given date and that its cost was equal to the deemed cost.

**Fair value** is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**First reporting period under PBE Standards** is the latest reporting period covered by an entity's first set of financial statements under PBE Standards.

**First set of financial statements under PBE Standards** is the first annual financial statements in which an entity adopts Public Benefit Entity Standards (PBE Standards).

**First set of financial statements under PBE Standards RDR** is the first annual financial statements in which an entity adopts Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

**First-time adopter** is an entity that presents its financial statements under PBE Standards for the first time.

**Opening statement of financial position** is an entity's statement of financial position at the date of transition to PBE Standards.

**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.

**Public benefit entities** are reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

**Public Benefit Entity Standards (PBE Standards)** are standards issued by the External Reporting Board (XRB) or the New Zealand Accounting Standards Board of the XRB for public benefit entities comprising:

- (a) Public Benefit Entity International Public Sector Accounting Standards;
- (b) Public Benefit Entity International Financial Reporting Standards, including Public Benefit Entity International Accounting Standards; and
- (c) Public Benefit Entity Financial Reporting Standards.

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.

## Recognition and Measurement

### Opening Statement of Financial Position

10. An entity shall prepare and present an opening statement of financial position at the date of transition to PBE Standards. This is the starting point for its accounting in accordance with PBE Standards.

### Accounting Policies

11. Subject to the provisions in this Standard, an entity shall use the same accounting policies in its opening statement of financial position under PBE Standards and throughout all periods presented in its first set of financial statements under PBE Standards. Those accounting policies shall comply with each PBE Standard effective at the end of its first reporting period under PBE Standards, except as specified in paragraphs 18–23 and Appendices A–C.
12. An entity shall not apply different versions of PBE Standards that were effective at earlier dates. An entity may apply a new PBE Standard that is not yet mandatory if that PBE Standard permits early application.

**Example: Consistent application of latest version of PBE Standards****Background**

The end of entity A's first reporting period under PBE Standards is 31 December 20X5. Entity A decides to present comparative information in those financial statements for one year only (see paragraph 25). Therefore, its date of transition to PBE Standards is the beginning of operations on 1 January 20X4 (or, equivalently, close of operations on 31 December 20X3). Entity A presented financial statements in accordance with its previous GAAP annually to 31 December each year up to, and including, 31 December 20X4.

**Application of requirements**

Entity A is required to apply the PBE Standards effective for periods ending on 31 December 20X5 in:

- (a) Preparing and presenting its opening statement of financial position under PBE Standards at 1 January 20X4; and
- (b) Preparing and presenting its statement of financial position for 31 December 20X5 (including comparative amounts for 20X4), statement of comprehensive revenue and expense, statement of changes in net assets/equity and cash flow statement for the year to 31 December 20X5 (including comparative amounts for 20X4) and disclosures (including comparative information for 20X4).

If a new PBE Standard is not yet mandatory but permits early application, entity A is permitted, but not required, to apply that PBE Standard in its first set of financial statements under PBE Standards.

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–D.
14. **Except as described in paragraphs 18–23 and Appendices A–D, an entity shall, in its opening statement of financial position under PBE Standards:**
  - (a) **Recognise all assets and liabilities whose recognition is required by PBE Standards;**
  - (b) **Not recognise items as assets or liabilities if PBE Standards do not permit such recognition;**
  - (c) **Reclassify items that it recognised in accordance with previous GAAP as one type of asset, liability or component of net assets/equity, but are a different type of asset, liability or component of net assets/equity in accordance with PBE Standards; and**
  - (d) **Apply PBE Standards in measuring all recognised assets and liabilities.**
15. **The accounting policies that an entity uses in its opening statement of financial position under PBE Standards may differ from those that it used for the same date using its previous GAAP. The resulting adjustments arise from events and transactions before the date of transition to PBE Standards. Therefore, an entity shall recognise those adjustments directly in accumulated comprehensive revenue and expense (or, if appropriate, another category of net assets/equity) at the date of transition to PBE Standards.**
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) **Paragraphs 18–21 and Appendix A prohibit retrospective application of some aspects of other PBE Standards.**
  - (b) **Appendices B–D grant exemptions from some requirements of other PBE Standards.**

**Exceptions to the Retrospective Application of other PBE Standards**

17. This Standard prohibits retrospective application of some aspects of other PBE Standards. These exceptions are set out in paragraphs 18–21 and Appendix A.



*Estimates*

18. **Subject to the requirements of this Standard, an entity’s estimates in accordance with PBE Standards at the date of transition to PBE Standards shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.**
19. **An entity may receive information after the date of transition to PBE Standards about estimates that it had made under previous GAAP. In accordance with paragraph 18, an entity shall treat the receipt of that information in the same way as non-adjusting events after the reporting date in accordance with PBE IPSAS 14 *Events After the Reporting Date*.**

**Example: Consistent use of estimates**

For example, assume that an entity’s date of transition to PBE Standards is 1 January 20X4 and new information on 15 July 20X4 requires the revision of an estimate made in accordance with previous GAAP at 31 December 20X3. The entity shall not reflect that new information in its opening statement of financial position under PBE Standards (unless the estimates need adjustment for any differences in accounting policies or there is objective evidence that the estimates were in error). Instead, the entity shall reflect that new information in surplus or deficit (or, if appropriate, in other comprehensive revenue and expense) for the year ended 31 December 20X4.

20. **An entity may need to make estimates in accordance with PBE Standards at the date of transition to PBE Standards that were not required at that date under previous GAAP. To achieve consistency with PBE IPSAS 14, those estimates in accordance with PBE Standards shall reflect conditions that existed at the date of transition to PBE Standards. In particular, estimates at the date of transition to PBE Standards of market prices, interest rates or foreign exchange rates shall reflect market conditions at that date.**
21. Paragraphs 18–20 apply to the opening statement of financial position under PBE Standards. They also apply to a comparative period presented in an entity’s first set of financial statements under PBE Standards, in which case the references to the date of transition to PBE Standards are replaced by references to the end of that comparative period.

**Exemptions from other PBE Standards**

22. **An entity may elect to use one or more of the exemptions contained in Appendices B–D. An entity shall not apply these exemptions by analogy to other items.**
23. **Some exemptions in Appendices B–C refer to fair value. In determining fair values in accordance with this PBE Standard, an entity shall apply the definition of fair value in this Standard and any more specific guidance in other PBE Standards on the determination of fair values for the asset or liability in question. Those fair values shall reflect conditions that existed at the date for which they were determined.**

**Presentation and Disclosure**

24. This Standard does not provide exemptions from the presentation and disclosure requirements in other PBE Standards.

**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 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.

*Non-PBE Standards Comparative Information and Historical Summaries*

28. **Some entities present historical summaries of selected data for periods before the first period for which they present full comparative information in accordance with PBE Standards. This Standard does not require such summaries to comply with the recognition and measurement requirements of PBE Standards. Furthermore, some entities present comparative information in accordance with previous GAAP as well as the comparative information required by PBE IPSAS 1 *Presentation of Financial Reports*. In any financial statements containing historical summaries or comparative information in accordance with previous GAAP, an entity shall:**

- (a) **Label the previous GAAP information prominently as not being prepared in accordance with PBE Standards; and**
- (b) **Disclose the nature of the main adjustments that would make it comply with PBE Standards. An entity need not quantify those adjustments.**

**Explanation of Transition to PBE Standards**

\*29. **An entity shall explain how the transition from previous GAAP to PBE Standards affected its reported financial position, statement of comprehensive revenue and expense, and cash flows.**

\*29.1 An entity that has applied PBE Standards in a previous period, as described in paragraph 6, shall disclose:

- (a) The reason it stopped applying PBE Standards; and
- (b) The reason it is resuming the application of PBE Standards.

RDR 29.2 A Tier 2 entity that has applied PBE Standards RDR in a previous period, as described in paragraph RDR 8.4, shall disclose:

- (a) The reason it stopped applying PBE Standards RDR; and
- (b) The reason it is resuming the application of PBE Standards RDR.

\*29.3 When an entity, in accordance with paragraph 6 does not elect to apply PBE FRS 47, the entity shall explain the reasons for electing to apply PBE Standards as if it had never stopped applying PBE Standards.

RDR 29.4 When a Tier 2 entity, in accordance with paragraph RDR 8.4 does not elect to apply PBE FRS 47, the entity shall explain the reasons for electing to apply PBE Standards RDR as if it had never stopped applying PBE Standards RDR.

*Reconciliations*

\*30. **To comply with paragraph 29, an entity's first set of financial statements under PBE Standards shall include:**

- (a) **Reconciliations of its net assets/equity reported in accordance with previous GAAP to its net assets/equity in accordance with PBE Standards for both of the following dates:**
  - (i) **The date of transition to PBE Standards; and**
  - (ii) **The end of the latest period presented in the entity's most recent annual financial statements in accordance with previous GAAP.**
- (b) **A reconciliation to its total comprehensive revenue and expense in accordance with PBE Standards for the latest period in the entity's most recent annual financial statements. The starting point for that reconciliation shall be total comprehensive revenue and expense in**

accordance with previous GAAP for the same period or, if an entity did not report such a total, surplus or deficit under previous GAAP.

- (c) **If the entity recognised or reversed any impairment losses for the first time in preparing its opening statement of financial position under PBE Standards, the disclosures that PBE IPSAS 21 *Impairment of Non-Cash-Generating Assets* and PBE IPSAS 26 *Impairment of Cash-Generating Assets* would have required if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to PBE Standards.**

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.

- \*31. **The reconciliations required by paragraph 30(a) and (b) shall give sufficient detail to enable users to understand the material adjustments to the statement of financial position and statement of comprehensive revenue and expense. If an entity presented a statement of cash flows under its previous GAAP, it shall also explain the material adjustments to the statement of cash flows.**
- \*32. **If an entity becomes aware of errors made under previous GAAP, the reconciliations required by paragraphs 30(a) and (b) shall distinguish the correction of those errors from changes in accounting policies.**
33. Except as otherwise specified in this Standard, PBE IPSAS 3 does not apply to the changes in accounting policies an entity makes when it adopts PBE Standards or to changes in those policies until after it presents its first set of financial statements under PBE Standards. Therefore, PBE IPSAS 3's requirements for disclosures about changes in accounting policies do not apply in an entity's first set of financial statements under PBE Standards.
- \*34. **If during the period covered by its first set of financial statements under PBE Standards an entity changes its accounting policies or its use of the exemptions contained in this PBE Standard, it shall explain the changes between its first interim financial report under PBE Standards and its first set of financial statements under PBE Standards, in accordance with paragraph 29, and it shall update the reconciliations required by paragraph 30(a) and (b).**
35. **If an entity did not present financial statements for previous periods, its first set of financial statements under PBE Standards shall disclose that fact.**

*Designation of Financial Assets or Financial Liabilities*

- \*36. **An entity is permitted to designate a previously recognised financial asset as a financial asset measured at fair value through surplus or deficit in accordance with paragraph C16A. The entity shall disclose the fair value of financial assets so designated at the date of designation and their classification and carrying amount in the previous financial statements.**
- 36A. **An entity is permitted to designate a previously recognised financial liability as a financial liability at fair value measured through surplus or deficit in accordance with paragraph C16. The entity shall disclose the fair value of financial liabilities so designated at the date of designation and their classification and carrying amount in the previous financial statements.**

RDR36.1 A Tier 2 entity is not required to make the disclosure required by paragraphs 36 and 36A.

*Use of Fair Value as Deemed Cost*

- \*37. **If an entity uses fair value in its opening statement of financial position under PBE Standards as deemed cost for an item of property, plant and equipment, an investment property or an intangible asset (see paragraphs C2 and C4), the entity's first set of financial statements shall disclose, for each line item in the opening statement of financial position under PBE Standards:**
- (a) **The aggregate of those fair values; and**
- (b) **The aggregate adjustment to the carrying amounts reported under previous GAAP.**

*Use of Deemed Cost for Investments in Controlled Entities, Joint Ventures and Associates*

- \*38. **Similarly, if an entity uses a deemed cost in its opening statement of financial position under PBE Standards for an investment in a controlled entity, joint venture or associate in its separate financial statements (see paragraph C12), the entity's first separate financial statements under PBE Standards shall disclose:**
- (a) **The aggregate deemed cost of those investments for which deemed cost is their previous GAAP carrying amount;**
  - (b) **The aggregate deemed cost of those investments for which deemed cost is fair value; and**
  - (c) **The aggregate adjustment to the carrying amounts reported under previous GAAP.**

*Interim Financial Reports*

- \*39. **To comply with paragraph 29, if an entity presents an interim financial report in accordance with PBE IAS 34 for part of the period covered by its first set of financial statements under PBE Standards, the entity shall satisfy the following requirements in addition to the requirements of PBE IAS 34:**
- (a) **Each such interim financial report shall, if the entity presented an interim financial report for the comparable interim period of the immediately preceding financial year, include:**
    - (i) **A reconciliation of its net assets/equity in accordance with previous GAAP at the end of that comparable interim period to its net assets/equity under PBE Standards at that date; and**
    - (ii) **A reconciliation to its total comprehensive revenue and expense in accordance with PBE Standards for that comparable interim period (current and year to date). The starting point for that reconciliation shall be total comprehensive revenue and expense in accordance with previous GAAP for that period or, if an entity did not report such a total, surplus or deficit in accordance with previous GAAP.**
  - (b) **In addition to the reconciliations required by (a), an entity's first interim financial report in accordance with PBE IAS 34 for part of the period covered by its first set of financial statements under PBE Standards shall include the reconciliations described in paragraph 30(a) and (b) (supplemented by the details required by paragraphs 31 and 32) or a cross reference to another published document that includes these reconciliations.**
  - (c) **If an entity changes its accounting policies or its use of the exemptions contained in this PBE Standard, it shall explain the changes in each such interim financial report in accordance with paragraph 29 and update the reconciliations required by paragraph 30(a) and (b).**
- \*40. **PBE IAS 34 requires minimum disclosures, which are based on the assumption that users of the interim financial report also have access to the most recent annual financial statements. However, PBE IAS 34 also requires an entity to disclose 'any events or transactions that are material to an understanding of the current interim period'. Therefore, if a first-time adopter did not, in its most recent annual financial statements in accordance with previous GAAP, disclose information material to an understanding of the current interim period, its interim financial report shall disclose that information or include a cross-reference to another published document that includes it.**

*Prospective Financial Statements*

41. **An entity's first set of prospective financial statements presented under PBE Standards (where such financial statements are presented prior to the entity's first set of interim or annual financial statements presented under PBE Standards) shall include a statement that the financial statements presented are its first set of prospective financial statements presented under PBE Standards.**

## Effective Date

42. A public benefit entity shall apply this Standard for annual financial statements, and any interim financial statements within that annual period, covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.
- 42.1 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraph 25 as a consequential amendment derived from the amendment to PBE IPSAS 1 *Presentation of Financial Statements*. An entity shall apply those amendments retrospectively in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 42. If an entity applies those amendments for an earlier period it shall disclose that fact.
- 42.2 *Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments*, issued in December 2015, amended terminology for consistency with terminology used in XRB A1 and renumbered paragraph 6 as paragraph 5, amended and renumbered paragraph 5 as paragraph 6, amended paragraphs 3, 4, 7, 9 and 30, deleted paragraph 8, added a heading before paragraph 4, added a heading and paragraphs RDR 8.1–RDR 8.6 and added paragraphs 5.1, 6.1, 29.1, RDR 29.2, 29.3, RDR 29.4 and RDR 30.1. An entity shall apply those amendments for annual financial statements, and any interim financial statements within that annual period, covering periods beginning on or after 1 January 2016. Earlier application is permitted.
- 42.3 *2016 Omnibus Amendments to PBE Standards*, issued in January 2017, added a footnote to paragraph C4. An entity shall apply that amendment for annual financial statements covering periods beginning on or after 1 January 2017.
- 42.4 PBE IPSAS 34 *Separate Financial Statements*, PBE IPSAS 35 *Consolidated Financial Statements*, PBE IPSAS 36 *Investments in Associates and Joint Ventures* and PBE IPSAS 37 *Joint Arrangements*, issued in January 2017, amended paragraphs 38, B1, B4, C1, C11 and the preceding heading, C12 and C13 and added paragraphs C31, D1–D2 and the preceding heading. An entity shall apply those amendments when it applies PBE IPSAS 34, PBE IPSAS 35, PBE IPSAS 36 and PBE IPSAS 37.
- 42.5 PBE IFRS 9 *Financial Instruments*, issued in January 2017, amended paragraphs 36, A1–A6, C1, C11, C12, C16 and C17, and added paragraphs 36A, A8–A8G, A9, C16A–C16C, C32, E1 and E2. An entity shall apply those amendments when it applies PBE IFRS 9.<sup>1</sup>
- 42.6 PBE IPSAS 39 *Employee Benefits*, issued in May 2017, amended paragraph C1, added paragraph D3 and its relating heading and deleted paragraph C8 and its related heading. An entity shall apply those amendments when it applies PBE IPSAS 39.
- 42.7 *2018 Omnibus Amendments to PBE Standards*, issued in November 2018, amended paragraph C1 and added paragraph C33. An entity shall apply those amendments when it applies Appendix A of PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*.
- 42.8 PBE IPSAS 40 *PBE Combinations*, issued in July 2019, amended paragraphs A1, the title of Appendix B and the sentence following the title, B1, B2–B5, C13, C14, and added paragraph A7 and its related heading, the heading before paragraph B2, and paragraphs B6–B9 and their related heading. An entity shall apply those amendments when it applies PBE IPSAS 40.
- 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, C33, and D5–D6. An entity shall apply those amendments when it applies PBE IPSAS 41.
- 42.10 [See PBE IFRS 17 *Insurance Contracts*]
- 42.11 *Uncertainty over Income Tax Treatments* (Amendments to PBE IAS 12) added paragraph D4. An entity shall apply that amendment when it applies *Uncertainty over Income Tax Treatments* (Amendments to PBE IAS 12).

<sup>1</sup> PBE IFRS 9 was subsequently withdrawn by PBE IPSAS 41. The amendments in Appendix D of PBE IFRS 9 were not compiled.

- 42.12 ***Withdrawal of PBE FRS 46 (Amendments to PBE FRS 47)***, issued in February 2020, 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.
- 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.

### **Withdrawal and Replacement of PBE FRS 47 (May 2013)**

43. 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.

## Appendix A

### Exceptions to the Retrospective Application of other PBE Standards

*This Appendix is an integral part of PBE FRS 47.*

- A1. An entity shall apply the following exceptions:
- (a) Derecognition of financial assets and financial liabilities (paragraphs A2 and A3);
  - (b) Hedge accounting (paragraphs A4–A6); and
  - (c) Non-controlling interests (paragraph A7).
  - (d) Classification and measurement of financial assets (paragraphs A8–A8C);
  - (e) Impairment of financial assets (paragraphs A8D–A8G); and
  - (f) Embedded derivatives (paragraph A9).

#### Derecognition of Financial Assets and Financial Liabilities

- A2. Except as permitted by paragraph A3, a first-time adopter shall apply the derecognition requirements in PBE IPSAS 41 *Financial Instruments* prospectively for transactions occurring on or after the date of transition to PBE Standards. For example, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to PBE Standards, it shall not recognise those assets and liabilities in accordance with PBE Standards (unless they qualify for recognition as a result of a later transaction or event).
- A3. Despite paragraph A2, an entity may apply the derecognition requirements in PBE IPSAS 41 retrospectively from a date of the entity's choosing, provided that the information needed to apply PBE IPSAS 41 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

#### Hedge Accounting

- A4. As required by PBE IPSAS 41, at the date of transition to PBE Standards, an entity shall:
- (a) Measure all derivatives at fair value; and
  - (b) Eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities.
- A5. An entity shall not reflect in its opening statement of financial position under PBE Standards a hedging relationship of a type that does not qualify for hedge accounting in accordance with PBE IPSAS 41 (for example, many hedging relationships where the hedging instrument is a stand-alone written option or a net written option; or where the hedged item is a net position in a cash flow hedge for another risk than foreign currency risk). However, if an entity designated a net position as a hedged item in accordance with previous GAAP, it may designate as a hedged item in accordance with PBE Standards an individual item within that net position, or a net position if that meets the requirements in paragraph 146 of PBE IPSAS 41, provided that it does so no later than the date of transition to PBE Standards.
- A6. If, before the date of transition to PBE Standards, an entity had designated a transaction as a hedge but the hedge does not meet the conditions for hedge accounting in PBE IPSAS 41, the entity shall apply paragraphs 135 and 136 of PBE IPSAS 41 to discontinue hedge accounting. Transactions entered into before the date of transition to PBE Standards shall not be retrospectively designated as hedges.

#### Non-Controlling Interests

- A7. A first-time adopter shall apply the following requirements of PBE IPSAS 35 prospectively from the date of transition to PBE Standards:
- (a) The requirement in paragraph 49 that total comprehensive revenue and expense is attributed to the owners of the controlling entity and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance;

- (b) The requirements in paragraphs 48 and 51 for accounting for changes in the controlling entity's ownership interest in a controlled entity that do not result in a loss of control; and
- (c) The requirements in paragraphs 53–55 for accounting for a loss of control over a controlled entity, and the related requirements of paragraph 8A of PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

However, if a first-time adopter elects to apply PBE IPSAS 40 *PBE Combinations* retrospectively to past PBE combinations, it also shall apply PBE IPSAS 35 in accordance with paragraph B1 of this Standard.

### **Classification and Measurement of Financial Instruments**

- A8. An entity shall assess whether a financial asset meets the conditions in paragraph 40 of PBE IPSAS 41 or the conditions in paragraph 41 of PBE IPSAS 41 on the basis of the facts and circumstances that exist at the date of transition to PBE Standards.
- A8A. If it is impracticable to assess a modified time value of money element in accordance with paragraphs AG68–AG70 of PBE IPSAS 41 on the basis of the facts and circumstances that exist at the date of transition to PBE Standards, an entity shall assess the contractual cash flow characteristics of that financial asset on the basis of the facts and circumstances that existed at the date of transition to PBE Standards without taking into account the requirements related to the modification of the time value of money element in paragraphs AG68–AG70 of PBE IPSAS 41. (In this case, the entity shall also apply paragraph 49R of PBE IPSAS 30 but references to 'paragraph 160 of PBE IPSAS 41' shall be read to mean this paragraph and references to 'initial recognition of the financial asset' shall be read to mean 'at the date of transition to PBE Standards'.)
- A8B. If it is impracticable to assess whether the fair value of a prepayment feature is insignificant in accordance with paragraph AG74 of PBE IPSAS 41 on the basis of the facts and circumstances that exist at the date of transition to PBE Standards, an entity shall assess the contractual cash flow characteristics of that financial asset on the basis of the facts and circumstances that existed at the date of transition to PBE Standards without taking into account the exception for prepayment features in paragraph AG74 of PBE IPSAS 41. (In this case, the entity shall also apply paragraph 49S of PBE IPSAS 30 but references to 'paragraph 161 of PBE IPSAS 41' shall be read to mean this paragraph and references to 'initial recognition of the financial asset' shall be read to mean 'at the date of transition to PBE Standards'.)
- A8C. If it is impracticable (as defined in PBE IPSAS 3) for an entity to apply retrospectively the effective interest method in PBE IPSAS 41, the fair value of the financial asset or the financial liability at the date of transition to PBE Standards shall be the new gross carrying amount of that financial asset or the new amortised cost of that financial liability at the date of transition to PBE Standards.

### **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.
- A8E. At the date of transition to PBE Standards, an entity shall use reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised (or for loan commitments and financial guarantee contracts the date that the entity became a party to the irrevocable commitment in accordance with paragraph 78 of PBE IPSAS 41) and compare that to the credit risk at the date of transition to PBE Standards (also see paragraphs AG350–AG351 of PBE IPSAS 41).
- A8F. When determining whether there has been a significant increase in credit risk since initial recognition, an entity may apply:
- (a) The requirements in paragraph 82 and AG186–AG188 of PBE IPSAS 41; and
  - (b) The rebuttable presumption in paragraph 83 of PBE IPSAS 41 for contractual payments that are more than 30 days past due if an entity will apply the impairment requirements by identifying significant increases in credit risk since initial recognition for those financial instruments on the basis of past due information.
- A8G. If, at the date of transition to PBE Standards, determining whether there has been a significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, an entity shall recognise a loss allowance at an amount equal to lifetime expected credit losses at each reporting date



until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date, in which case paragraph A8F(a) applies).

**Embedded Derivatives**

- A9. A first-time adopter shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date a reassessment is required by paragraph AG109 of PBE IPSAS 41.

## Appendix B

### Exemptions for PBE Combinations

*This Appendix is an integral part of PBE FRS 47. An entity shall apply the following requirements to PBE combinations that the entity recognised before the date of transition to PBE Standards.*

- B1. A first-time adopter may elect not to apply PBE IPSAS 40 *PBE Combinations* retrospectively to past PBE combinations (PBE combinations that occurred before the date of transition to PBE Standards). However, if a first-time adopter restates any PBE combination to comply with PBE IPSAS 40, it shall restate all later business combinations and shall also apply PBE IPSAS 35 *Consolidated Financial Statements* from that same date. For example, if a first-time adopter elects to restate a PBE combination that occurred on 30 June 20X6, it shall restate all PBE combinations that occurred between 30 June 20X6 and the date of transition to PBE Standards, and it shall also apply PBE IPSAS 35 from 30 June 20X6.

### Acquisitions

- B2. An entity need not apply PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill arising in PBE combinations that occurred before the date of transition to PBE Standards. If the entity does not apply PBE IPSAS 4 retrospectively to those fair value adjustments and goodwill, it shall treat them as assets and liabilities of the entity rather than as assets and liabilities of the acquired operation. Therefore, those goodwill and fair value adjustments either are already expressed in the entity's functional currency or are non-monetary foreign currency items, which are reported using the exchange rate applied in accordance with previous GAAP.
- B3. An entity may apply PBE IPSAS 4 retrospectively to fair value adjustments and goodwill arising in either:
- (a) All PBE combinations that occurred before the date of transition to PBE Standards; or
  - (b) All PBE combinations that the entity elects to restate to comply with PBE IPSAS 40, as permitted by paragraph B1 above.
- B4. If a first-time adopter does not apply PBE IPSAS 40 retrospectively to a past PBE combination, this has the following consequences for that PBE combination:
- (a) The first-time adopter shall retain the classification (as an acquisition by the legal acquirer, or reverse acquisition by the legal acquired operation) as in its previous GAAP financial statements.
  - (b) At the date of transition to PBE Standards the first-time adopter shall recognise all assets and liabilities that it acquired or assumed in a past PBE combination, other than:
    - (i) Some financial assets and financial liabilities derecognised in accordance with previous GAAP (see paragraph A2); and
    - (ii) Assets, including goodwill, and liabilities that were not recognised in the acquirer's consolidated statement of financial position in accordance with previous GAAP and which would not qualify for recognition in accordance with PBE Standards in the separate statement of financial position of the acquired operation (see (f)–(i) below).

The first-time adopter shall recognise any resulting change by adjusting accumulated comprehensive revenue and expense (or, if appropriate, another category of net assets/equity), unless the change results from the recognition of an intangible asset that was previously subsumed within goodwill (see (g)(i) below).

- (c) The first-time adopter shall exclude from its opening statement of financial position under PBE Standards any item recognised in accordance with previous GAAP that does not qualify for recognition as an asset or liability under PBE Standards. The first-time adopter shall account for the resulting change as follows:
  - (i) The first-time adopter may have classified a past PBE combination as an acquisition and recognised as an intangible asset an item that does not qualify for recognition as an asset in accordance with PBE IPSAS 31 *Intangible Assets*. It shall reclassify that item (and, if any, the related deferred tax and non-controlling interests) as part of goodwill (unless it deducted

goodwill directly from net assets/equity in accordance with previous GAAP, see (g)(i) and (ii) below).

- (ii) The first-time adopter shall recognise all other resulting changes in accumulated comprehensive revenue and expense.<sup>2</sup>
- (d) PBE Standards require subsequent measurement of some assets and liabilities on a basis that is not based on original cost, such as fair value. The first-time adopter shall measure such assets and liabilities in its opening statement of financial position on the basis required by PBE Standards, even if they were acquired or assumed in a past PBE combination. It shall recognise any resulting change in the carrying amount by adjusting accumulated comprehensive revenue and expense (or, if appropriate, another category of net assets/equity), rather than goodwill.
- (e) Immediately after the PBE combination, the carrying amount in accordance with previous GAAP of assets acquired and liabilities assumed in that PBE combination shall be their deemed cost in accordance with PBE Standards at that date. If PBE Standards require a cost-based measurement of those assets and liabilities at a later date, that deemed cost shall be the basis for cost-based depreciation or amortisation from the date of the PBE combination.
- (f) If an asset acquired, or liability assumed, in a past PBE combination was not recognised in accordance with previous GAAP, it does not have a deemed cost of zero in the opening statement of financial position under PBE Standards. Instead, the acquirer shall recognise and measure it in its consolidated statement of financial position on the basis that PBE Standards would require in the statement of financial position of the acquired operation. To illustrate: if the acquirer had not, in accordance with its previous GAAP, capitalised finance leases acquired in a past PBE combination, it shall capitalise those leases in its consolidated financial statements, as PBE IPSAS 13 *Leases* would require the acquiree to do in its statement of financial position under PBE Standards. Similarly, if the acquirer had not, in accordance with its previous GAAP, recognised a contingent liability that still exists at the date of transition to PBE Standards, the acquirer shall recognise that contingent liability at that date unless PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets* would prohibit its recognition in the financial statements of the acquired operation. Conversely, if an asset or liability was subsumed in goodwill in accordance with previous GAAP but would have been recognised separately under PBE IPSAS 40, that asset or liability remains in goodwill unless PBE Standards would require its recognition in the financial statements of the acquired operation.
- (g) The carrying amount of goodwill in the opening statement of financial position under PBE Standards shall be its carrying amount in accordance with previous GAAP at the date of transition to PBE Standards, after the following two adjustments:
  - (i) If required by (c)(i) above, the first-time adopter shall increase the carrying amount of goodwill when it reclassifies an item that it recognised as an intangible asset in accordance with previous GAAP. Similarly, if (f) above requires the first-time adopter to recognise an intangible asset that was subsumed in recognised goodwill in accordance with previous GAAP, the first-time adopter shall decrease the carrying amount of goodwill accordingly (and, if applicable, adjust deferred tax and non-controlling interests).
  - (ii) Regardless of whether there is any indication that the goodwill may be impaired, the first-time adopter shall apply PBE IPSAS 26 *Impairment of Cash-Generating Assets* in testing the goodwill for impairment at the date of transition to PBE Standards and in recognising any resulting impairment loss in accumulated comprehensive revenue and expense. The impairment test shall be based on conditions at the date of transition to PBE Standards.
- (h) No other adjustments shall be made to the carrying amount of goodwill at the date of transition to PBE Standards. For example, the first-time adopter shall not restate the carrying amount of goodwill:
  - (i) To exclude in-process research and development acquired in that PBE combination (unless the related intangible asset would qualify for recognition in accordance with PBE IPSAS 31 in the statement of financial position of the acquired operation);

---

<sup>2</sup> Such changes include reclassifications from or to intangible assets if goodwill was not recognised in accordance with previous GAAP as an asset. This arises if, in accordance with previous GAAP, the entity (a) deducted goodwill directly from net assets/equity or (b) did not treat the PBE combination as an acquisition.

- (ii) To adjust previous amortisation of goodwill; or
  - (iii) To reverse adjustments to goodwill that PBE IPSAS 40 would not permit, but were made in accordance with previous GAAP because of adjustments to assets and liabilities between the date of the PBE combination and the date of transition to PBE Standards.
- (i) If the first-time adopter recognised goodwill in accordance with previous GAAP as a deduction from net assets/equity:
- (i) It shall not recognise that goodwill in its opening statement of financial position under PBE Standards. Furthermore, it shall not reclassify that goodwill to surplus or deficit if it disposes of the controlled entity or if the investment in the controlled entity becomes impaired.
  - (ii) Adjustments resulting from the subsequent resolution of a contingency affecting the purchase consideration shall be recognised in accumulated comprehensive revenue and expense.
- (j) In accordance with its previous GAAP, the first-time adopter may not have consolidated a controlled entity acquired in a past PBE combination (for example, because the controlling entity did not regard it as a controlled entity in accordance with previous GAAP or did not prepare consolidated financial statements). The first-time adopter shall adjust the carrying amounts of the controlled entity's assets and liabilities to the amounts that PBE Standards would require in the controlled entity's statement of financial position. The deemed cost of goodwill equals the difference at the date of transition to PBE Standards between:
- (i) The controlling entity's interest in those adjusted carrying amounts; and
  - (ii) The cost in the controlling entity's separate financial statements of its investment in the controlled entity.
- (k) The measurement of non-controlling interests and deferred tax follows from the measurement of other assets and liabilities. Therefore, the above adjustments to recognised assets and liabilities affect non-controlling interests and deferred tax.
- B5.** The exemption for past PBE combinations also applies to past acquisitions of investments in associates and of interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes an operation as defined in PBE IPSAS 40. Furthermore, the date selected for paragraph B1 applies equally for all such acquisitions.

### **Amalgamations**

- B6.** An entity need not apply PBE IPSAS 4 retrospectively to fair value adjustments and goodwill arising in PBE combinations that occurred before the date of transition to PBE Standards. If the entity does not apply PBE IPSAS 4 retrospectively to those fair value adjustments and goodwill, it shall treat them as assets and liabilities of the entity rather than as assets and liabilities of the combining operations. Therefore, those goodwill and fair value adjustments either are already expressed in the entity's functional currency or are non-monetary foreign currency items, which are reported using the exchange rate applied in accordance with previous GAAP.
- B7.** An entity may apply PBE IPSAS 4 retrospectively to fair value adjustments and goodwill arising in either:
- (a) All PBE combinations that occurred before the date of transition to PBE Standards; or
  - (b) All PBE combinations that the entity elects to restate to comply with PBE IPSAS 40, as permitted by paragraph B1 above.
- B8.** If a first-time adopter does not apply PBE IPSAS 40 retrospectively to a past amalgamation, this has the following consequences for that PBE combination:
- (a) The first-time adopter shall retain the classification of the combination (that is, as an amalgamation or an acquisition) in its previous GAAP financial statements.
  - (b) At the date of transition to PBE Standards the first-time adopter shall recognise all the assets and liabilities that it received and assumed in a past amalgamation, other than:
    - (i) Some financial assets and financial liabilities derecognised in accordance with previous GAAP (see paragraph A2); and

- (ii) Assets, including goodwill, and liabilities that were not recognised in the resulting entity's statement of financial position in accordance with previous GAAP and which would not qualify for recognition in accordance with PBE Standards in the separate statement of financial position of the combining operations (see (f)–(i) below).

The first-time adopter shall recognise any resulting change by adjusting accumulated comprehensive revenue and expense (or, if appropriate, another category of net assets/equity), unless the change results from the recognition of an intangible asset that was previously subsumed within goodwill (see (g)(i) below).

- (c) The first-time adopter shall exclude from its opening statement of financial position under PBE Standards any item recognised in accordance with previous GAAP that does not qualify for recognition as an asset or liability under PBE Standards. The first-time adopter shall account for the resulting change as follows:
  - (i) The first-time adopter may have classified a past PBE combination as an acquisition and recognised as an intangible asset an item that does not qualify for recognition as an asset in accordance with PBE IPSAS 31. It shall reclassify that item (and, if any, the related deferred tax and non-controlling interests) as part of goodwill (unless it deducted goodwill directly from net assets/equity in accordance with previous GAAP, see (g)(i) and (g)(ii) below).
  - (ii) The first-time adopter shall recognise all other resulting changes in accumulated comprehensive revenue and expense.<sup>3</sup>
- (d) PBE Standards require subsequent measurement of some assets and liabilities on a basis that is not based on original cost, such as fair value. The first-time adopter shall measure such assets and liabilities in its opening statement of financial position on the basis required by PBE Standards, even if they were received or assumed in a past amalgamation. It shall recognise any resulting change in the carrying amount by adjusting accumulated comprehensive revenue and expense (or, if appropriate, another category of net assets/equity).
- (e) Immediately after the amalgamation, the carrying amount in accordance with previous GAAP of assets received and liabilities assumed in that PBE combination shall be their deemed cost in accordance with PBE Standards at that date. If PBE Standards require a cost-based measurement of those assets and liabilities at a later date, that deemed cost shall be the basis for cost-based depreciation or amortisation from the date of the PBE combination.
- (f) If an asset received, or liability assumed, in a past amalgamation was not recognised in accordance with previous GAAP, it does not have a deemed cost of zero in the opening statement of financial position under PBE Standards. Instead, the resulting entity shall recognise and measure it in its statement of financial position on the basis that PBE Standards would require in the statement of financial position of the combining operation. To illustrate: if the resulting entity had not, in accordance with its previous GAAP, capitalised finance leases assumed in a past amalgamation, it shall capitalise those leases in its first set of financial statements under PBE Standards, as PBE IPSAS 13 would require the combining operation to do in its statement of financial position under PBE Standards. Similarly, if the resulting entity had not, in accordance with its previous GAAP, recognised a contingent liability that still exists at the date of transition to PBE Standards, the resulting entity shall recognise that contingent liability at that date unless PBE IPSAS 19 would prohibit its recognition in the financial statements of the combining operations. Conversely, if an asset or liability was subsumed in goodwill in accordance with previous GAAP but would have been recognised separately under PBE IPSAS 40, that asset or liability remains in goodwill unless PBE Standards would require its recognition in the financial statements of the resulting entity.
- (g) The carrying amount of goodwill in the opening statement of financial position under PBE Standards shall be its carrying amount in accordance with previous GAAP at the date of transition to PBE Standards, after the following two adjustments:
  - (i) If required by (c)(i) above, the first-time adopter shall increase the carrying amount of goodwill when it reclassifies an item that it recognised as an intangible asset in accordance

---

<sup>3</sup> Such changes include reclassifications from or to intangible assets if goodwill was not recognised in accordance with previous GAAP as an asset. This arises if, in accordance with previous GAAP, the entity deducted goodwill directly from net assets/equity.

with previous GAAP. Similarly, if (f) above requires the first-time adopter to recognise an intangible asset that was subsumed in recognised goodwill in accordance with previous GAAP, the first-time adopter shall decrease the carrying amount of goodwill accordingly (and, if applicable, adjust deferred tax and non-controlling interests).

- (ii) Regardless of whether there is any indication that the goodwill may be impaired, the first-time adopter shall apply PBE IPSAS 26 in testing the goodwill for impairment at the date of transition to PBE Standards and in recognising any resulting impairment loss in accumulated comprehensive revenue and expense. The impairment test shall be based on conditions at the date of transition to PBE Standards.
  - (h) No other adjustments shall be made to the carrying amount of goodwill at the date of transition to PBE Standards. For example, the first-time adopter shall not restate the carrying amount of goodwill:
    - (i) To exclude in-process research and development assumed in that PBE combination (unless the related intangible asset would qualify for recognition in accordance with PBE IPSAS 31 in the statement of financial position of the resulting entity);
    - (ii) To adjust previous amortisation of goodwill; or
    - (iii) To reverse adjustments to goodwill that PBE IPSAS 40 would not permit, but were made in accordance with previous GAAP because of adjustments to assets and liabilities between the date of the amalgamation and the date of transition to PBE Standards.
  - (i) If the first-time adopter recognised goodwill in accordance with previous GAAP as a deduction from net assets/equity it shall not recognise that goodwill in its opening statement of financial position under PBE Standards.
  - (j) In accordance with its previous GAAP, the first-time adopter may not have recognised the assets received and liabilities assumed in a previous amalgamation. The first-time adopter shall adjust the carrying amounts of the resulting entity's assets and liabilities to the amounts that PBE Standards would require in the resulting entity's statement of financial position. The adjustments shall be recognised by adjusting the accumulated comprehensive revenue or expense (or, if appropriate, another category of net assets/equity).
  - (k) The measurement of non-controlling interests and deferred tax follows from the measurement of other assets and liabilities. Therefore, the above adjustments to recognised assets and liabilities affect non-controlling interests and deferred tax.
- B9.** The exemption for past PBE combinations also applies to past amalgamations of investments in associates and of interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes an operation as defined in PBE IPSAS 40. Furthermore, the date selected for paragraph B1 applies equally for all such amalgamations.

## Appendix C

**Exemptions from other PBE Standards**

*This Appendix is an integral part of PBE FRS 47.*

- C1. An entity may elect to use one or more of the following exemptions:
- (a) Deemed cost (paragraphs C2–C5);
  - (b) Leases (paragraphs C6 and C7);
  - (c) [deleted]
  - (d) Cumulative translation differences (paragraphs C9 and C10);
  - (e) Investments in controlled entities, joint ventures and associates (paragraphs C11 and C12);
  - (f) Assets and liabilities of controlled entities, associates and joint ventures (paragraphs C13 and C14);
  - (g) Compound financial instruments (paragraph C15);
  - (h) Designation of previously recognised financial instruments (paragraphs C16–C16C);
  - (i) Fair value measurement of financial assets or financial liabilities at initial recognition (paragraph C17);
  - (j) Decommissioning liabilities included in the cost of property, plant and equipment (paragraph C18);
  - (k) Financial assets or intangible assets accounted for in accordance with PBE FRS 45 *Service Concession Arrangements: Operator* (paragraph C19);
  - (l) Borrowing costs (paragraph C20);
  - (m) Revenue from non-exchange transactions (paragraph C21);
  - (n) Service concession arrangements: grantor (paragraphs C22–C28);
  - (o) The effects of changes in foreign exchange rates (paragraph C29);
  - (p) Intangible assets (paragraph C30);
  - (q) Joint arrangements (paragraph C31);
  - (r) Foreign currency transactions and advance consideration (paragraph C32); and
  - (s) Designation of contracts to buy or sell a non-financial item (paragraph C33).

An entity shall not apply these exemptions by analogy to other items.

**Deemed Cost**

- C2. An entity may elect to measure an item of property, plant and equipment at the date of transition to PBE Standards at its fair value and use that fair value as its deemed cost at that date.
- C3. A first-time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to PBE Standards as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to:
- (a) Fair value; or
  - (b) Cost or depreciated cost in accordance with PBE Standards, adjusted to reflect, for example, changes in a general or specific price index.
- C4. The elections in paragraphs C2 and C3 are also available for:
- (a) Investment property, if an entity elects to use the cost model in PBE IPSAS 16 *Investment Property*; and

- (b) Intangible assets that meet:
  - (i) The recognition criteria in PBE IPSAS 31 *Intangible Assets* (including reliable<sup>4</sup> measurement of original cost); and
  - (ii) The criteria in PBE IPSAS 31 for revaluation (including the existence of an active market).

An entity shall not use these elections for other assets or for liabilities.

- C5. A first-time adopter may have established a deemed cost in accordance with previous GAAP for some or all of its assets and liabilities by measuring them at their fair value at one particular date because of an event such as a restructuring.
- (a) If the measurement date is *at or before* the date of transition to PBE Standards, the entity may use such event-driven fair value measurements as deemed cost for PBE Standards at the date of that measurement.
  - (b) If the measurement date is *after* the date of transition to PBE Standards, but during the period covered by the first financial statements under PBE Standards, the event-driven fair value measurements may be used as deemed cost when the event occurs. An entity shall recognise the resulting adjustments directly in accumulated comprehensive revenue and expense (or if appropriate, another category of net assets/equity) at the measurement date. At the date of transition to PBE Standards, the entity shall either establish the deemed cost by applying the criteria in paragraphs C2–C4 or measure assets and liabilities in accordance with the other requirements in this PBE Standard.

#### Leases

- C6. In applying the provisions in Appendix C Application Guidance *Determining whether an Arrangement contains a Lease* in PBE IPSAS 13 *Leases*, a first-time adopter may determine whether an arrangement existing at the date of transition to PBE Standards contains a lease on the basis of facts and circumstances existing at that date.
- C7. If a first-time adopter made the same determination of whether an arrangement contained a lease in accordance with previous GAAP as that required by Appendix C of PBE IPSAS 13 but at a date other than the date of transition to PBE Standards, the first-time adopter need not reassess that determination when it adopts PBE Standards. For an entity to have made the same determination of whether the arrangement contained a lease in accordance with previous GAAP, that determination would have to have given the same outcome as that resulting from applying PBE IPSAS 13, including Appendix C.
- C8. [Deleted]

#### Cumulative Translation Differences

- C9. PBE IPSAS 4 requires an entity:
- (a) To recognise some translation differences in other comprehensive revenue and expense and accumulate these in a separate component of net assets/equity; and
  - (b) On disposal of a foreign operation, to recognise the cumulative translation differences in surplus or deficit.
- C10. However, a first-time adopter need not comply with these requirements for cumulative translation differences that existed at the date of transition to PBE Standards. If a first-time adopter uses this exemption:
- (a) The cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to PBE Standards; and
  - (b) The gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to PBE Standards and shall include later translation differences.

---

<sup>4</sup> 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. Paragraph BC10 of PBE IPSAS 1 *Presentation of Financial Reports* discusses the transitional approach to the explanation of reliability.



**Investments in Controlled Entities, Joint Ventures and Associates**

- C11. When an entity prepares separate financial statements, PBE IPSAS 34 *Separate Financial Statements* requires it to account for its investments in controlled entities, joint ventures and associates either:
- (a) Using the equity method as described in PBE IPSAS 36;
  - (b) At cost; or
  - (c) As a financial instrument in accordance with PBE IPSAS 41 *Financial Instruments*.
- C12. If a first-time adopter measures such an investment at cost in accordance with PBE IPSAS 34, it shall measure that investment at one of the following amounts in its separate opening statement of financial position under PBE Standards:
- (a) Cost determined in accordance with PBE IPSAS 34; or
  - (b) Deemed cost. The deemed cost of such an investment shall be its:
    - (i) Fair value (determined in accordance with PBE IPSAS 41) at the entity's date of transition to PBE Standards in its separate financial statements; or
    - (ii) Previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each controlled entity, joint venture or associate that it elects to measure using a deemed cost.

**Assets and Liabilities of Controlled Entities, Associates and Joint Ventures**

- C13. If a controlled entity becomes a first-time adopter later than its controlling entity, the controlled entity shall, in its financial statements, measure its assets and liabilities at either:
- (a) The carrying amounts that would be included in the controlling entity's consolidated financial statements, based on the controlling entity's date of transition to PBE Standards, if no adjustments were made for consolidation procedures and for the effects of the PBE combination in which the controlling entity acquired the controlled entity (this election is not available to a controlled entity of an investment entity, as defined in PBE IPSAS 35, that is required to be measured at fair value through surplus or deficit); or
  - (b) The carrying amounts required by the rest of this PBE Standard, based on the controlled entity's date of transition to PBE Standards. These carrying amounts could differ from those described in (a):
    - (i) When the exemptions in this Standard result in measurements that depend on the date of transition to PBE Standards.
    - (ii) When the accounting policies used in the controlled entity's financial statements differ from those in the consolidated financial statements. For example, the controlled entity may use as its accounting policy the cost model in PBE IPSAS 17 *Property, Plant and Equipment*, whereas the group may use the revaluation model.

A similar election is available to an associate or joint venture that becomes a first-time adopter later than an entity that has significant influence or joint control over it.

- C14. However, if an entity becomes a first-time adopter later than its controlled entity (or associate or joint venture) the entity shall, in its consolidated financial statements, measure the assets and liabilities of the controlled entity (or associate or joint venture) at the same carrying amounts as in the financial statements of the controlled entity (or associate or joint venture), after adjusting for consolidation and equity accounting adjustments and for the effects of the PBE combination in which the entity acquired the controlled entity. Similarly, if a controlling entity becomes a first-time adopter for its separate financial statements earlier or later than for its consolidated financial statements, it shall measure its assets and liabilities at the same amounts in both financial statements, except for consolidation adjustments.

**Compound Financial Instruments**

- C15. PBE IPSAS 28 *Financial Instruments: Presentation* requires an entity to split a compound financial instrument at inception into separate liability and net assets/equity components. If the liability component is no longer outstanding, retrospective application of PBE IPSAS 28 involves separating two portions of

net assets/equity. The first portion is in accumulated comprehensive revenue and expense and represents the cumulative interest accreted on the liability component. The other portion represents the original equity component. However, in accordance with this PBE Standard, a first-time adopter need not separate these two portions if the liability component is no longer outstanding at the date of transition to PBE Standards.

#### **Designation of Previously Recognised Financial Instruments**

- C16. PBE IPSAS 41 permits a financial liability (provided it meets certain criteria) to be designated as a financial liability at fair value through surplus or deficit. Despite this requirement an entity is permitted to designate, at the date of transition to PBE Standards, any financial liability as at fair value through surplus or deficit provided the liability meets the criteria in paragraph 46 of PBE IPSAS 41 at that date.
- C16A. An entity may designate a financial asset as measured at fair value through surplus or deficit in accordance with paragraph 44 of PBE IPSAS 41 on the basis of the facts and circumstances that exist at the date of transition to PBE Standards.
- C16B. An entity may designate an investment in an equity instrument as at fair value through other comprehensive revenue and expense in accordance with paragraph 106 of PBE IPSAS 41 on the basis of the facts and circumstances that exist at the date of transition to PBE Standards.
- C16C. For a financial liability that is designated as a financial liability at fair value through surplus or deficit, an entity shall determine whether the treatment in paragraph 108 of PBE IPSAS 41 would create an accounting mismatch in surplus or deficit on the basis of the facts and circumstances that exist at the date of transition to PBE Standards.

#### **Fair Value Measurement of Financial Assets or Financial Liabilities at Initial Recognition**

- C17. Despite the requirements of paragraphs 11 and 13, an entity may apply the requirements in paragraph AG117(b) of PBE IPSAS 41 prospectively to transactions entered into on or after the date of transition to PBE Standards.

#### **Decommissioning Liabilities Included in the Cost of Property, Plant and Equipment**

- C18. Appendix A *Changes in Existing Decommissioning, Restoration and Similar Liabilities* of PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets* requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to PBE Standards. If a first-time adopter uses this exemption, it shall:
- (a) Measure the liability as at the date of transition to PBE Standards in accordance with PBE IPSAS 19;
  - (b) To the extent that the liability is within the scope of Appendix A of PBE IPSAS 19, estimate the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rate(s) that would have applied for that liability over the intervening period; and
  - (c) Calculate the accumulated depreciation on that amount, as at the date of transition to PBE Standards, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the entity in accordance with PBE Standards.

#### **Financial Assets or Intangible Assets Accounted for in Accordance with PBE FRS 45**

- C19. A first-time adopter need not apply PBE FRS 45 *Service Concession Arrangements: Operator* retrospectively at the start of the earliest period presented if it is impracticable for the operator to apply the Standard retrospectively for any particular service arrangement. In those circumstances, the operator shall:
- (a) Recognise financial assets and intangible assets that existed at the start of the earliest period presented;
  - (b) Use the previous carrying amounts of those financial and intangible assets (however previously classified) as their carrying amounts as at that date; and

- (c) Test financial and intangible assets recognised at that date for impairment, unless this is not practicable, in which case the amounts shall be tested for impairment as at the start of the current period.

### **Borrowing Costs**

- C20. Where application of PBE IPSAS 5 *Borrowing Costs* constitutes a change in accounting policy and a first-time adopter elects to capitalise borrowing costs relating to qualifying assets, the entity shall apply PBE IPSAS 5 to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the date of transition to PBE Standards. However, a first-time adopter may designate any date before the date of transition to PBE Standards and apply PBE IPSAS 5 to borrowing costs relating to all qualifying assets for which the commencement date for capitalisation is on or after that date.

### **Revenue from Non-Exchange Transactions**

- C21. On first-time adoption of PBE Standards, assets and liabilities arising from revenue from non-exchange transactions that occurred before the date of transition to PBE Standards are recognised and measured in accordance with PBE Standards. The entity shall recognise any resulting change by adjusting net assets/equity.

### **Service Concession Arrangements: Grantor**

- C22. Where a grantor entity had previously accounted for service concession arrangements in accordance with IPSAS 32 *Service Concession Arrangements: Grantor*, the entity shall retain that accounting policy on transition to the PBE Standards.
- C23. Where a grantor entity had not previously recognised service concession assets and related liabilities, revenues or expenses in accordance with IPSAS 32, the entity shall either:
- (a) Apply the requirements in PBE IPSAS 32 *Service Concession Arrangements: Grantor* retrospectively in accordance with PBE IPSAS 3; or
  - (b) Recognise and measure service concession assets and related liabilities at deemed cost at the date of transition to PBE Standards in accordance with paragraphs C24–C28 of this Standard.
- C24. A grantor entity may elect under paragraph C23(b) of this Standard to recognise and measure service concession assets and related liabilities in accordance with PBE IPSAS 32 using deemed cost. Deemed cost is determined at the date of transition to PBE Standards.
- C25. Deemed cost for service concession assets shall be determined using the following measurement bases:
- (a) For property, plant, and equipment – fair value including depreciated replacement cost as a means of estimating fair value in the circumstances permitted by PBE IPSAS 17 *Property, Plant and Equipment* (see PBE IPSAS 17, paragraphs 46–48); and
  - (b) For intangible assets – fair value.
- C26. Depreciation or amortisation shall be based on the deemed cost determined under paragraph C25 and commence from the date of transition to PBE Standards.

### *Use of Deemed Cost under the Financial Liability Model*

- C27. Where the grantor uses deemed cost under the financial liability model, the grantor shall measure:
- (a) The service concession asset in accordance with paragraph C25 of this Standard; and
  - (b) The financial liability using the remaining contractual cash flows specified in the binding arrangement and the rate described in PBE IPSAS 32 (paragraphs AG41–AG46) at the beginning of the date of transition to PBE Standards. Any difference between the value of the asset and the financial liability is recognised directly in net assets/equity. If the entity chooses as its accounting policy the revaluation model in PBE IPSAS 17 or PBE IPSAS 31, this difference is included in any revaluation surplus.

*Use of Deemed Cost under the Grant of a Right to the Operator Model*

C28. Where the grantor uses deemed cost under the grant of a right to the operator model, the grantor shall measure:

- (a) The service concession asset in accordance with paragraph C25 of this Standard; and
- (b) The liability representing the unearned portion of any revenue arising from the receipt of the service concession asset. This amount should be determined as the fair value of the asset less any financial liabilities, adjusted to reflect the remaining period of the service concession arrangement.

**The Effects of Changes in Foreign Exchange Rates**

C29. An entity that previously translated a transaction measured in a foreign currency using an exchange rate at settlement date rather than an exchange rate at transaction date need not restate the transaction recognised in the periods prior to the date of transition to PBE Standards to comply with PBE IPSAS 4. The entity may apply PBE IPSAS 4 prospectively from the date of transition to PBE Standards.

**Intangible Assets**

C30. An entity that previously expensed all development costs in the period in which they were incurred need not apply PBE IPSAS 31 to those expenses recognised in the periods prior to the date of transition to PBE Standards. The entity may apply PBE IPSAS 31 prospectively from the date of transition to PBE Standards.

**Joint Arrangements**

C31. A first-time adopter may apply the transition provisions in PBE IPSAS 37 with the following exceptions:

- (a) When applying the transition provisions in PBE IPSAS 37, a first-time adopter shall apply these provisions at the date of transition to PBE Standards.
- (b) When changing from proportionate consolidation to the equity method, a first-time adopter shall test for impairment the investment in accordance with PBE IPSAS 26 as at the date of transition to PBE Standards, regardless of whether there is any indication that the investment may be impaired. Any resulting impairment shall be recognised as an adjustment to accumulated comprehensive revenue and expense at the date of transition to PBE Standards.

**Foreign Currency Transactions and Advance Consideration**

C32. A first-time adopter need not apply Appendix A of PBE IPSAS 4 to assets, expenses and revenue in the scope of Appendix A initially recognised before the date of transition to PBE Standards.

**Designation of Contracts to Buy or Sell a Non-financial Item**

C33. PBE IPSAS 41 permits some contracts to buy or sell a non-financial item to be designated at inception as measured at fair value through surplus or deficit (see paragraph 6 of PBE IPSAS 41). Despite this requirement an entity is permitted to designate, at the date of transition to PBE Standards, contracts that already exist on that date as measured at fair value through surplus or deficit but only if they meet the requirements of paragraph 6 of PBE IPSAS 41 at that date and the entity designates all similar contracts.

## Appendix D

**Short-Term Exemptions from PBE Standards**

*This appendix is an integral part of PBE FRS 47.*

**Investment Entities**

- D1. A first-time adopter that is a controlling entity shall assess whether it is an investment entity, as defined in PBE IPSAS 35, on the basis of the facts and circumstances that exist at the date of transition to PBE Standards.
- D2. A first-time adopter that is an investment entity, as defined in PBE IPSAS 35, may apply the transition provisions in paragraphs 71–72 of PBE IPSAS 35 and paragraphs 24–28 of PBE IPSAS 34 if its first PBE Standards financial statements are for an annual period ending on or before 31 December 2019. The references in those paragraphs to the annual period that immediately precedes the date of initial application shall be read as the earliest annual period presented. Consequently, the references in those paragraphs shall be read as the date of transition to PBE Standards.

**Employee Benefits**

- D3. A first-time adopter may apply the transition provisions in paragraph 175(b) of PBE IPSAS 39 *Employee Benefits*.

**Uncertainty over Income Tax Treatments**

- D4. A first-time adopter whose date of transition to PBE Standards is before 1 October 2019 may elect not to reflect the application of Appendix B of PBE IAS 12 (Uncertainty over Income Tax Treatments) in comparative information in its first PBE Standards financial statements. An entity that makes that election shall recognise the cumulative effect of applying Appendix B of PBE IAS 12 as an adjustment to the opening balance of accumulated comprehensive revenue and expense (or other component of net assets/equity, as appropriate) at the beginning of its first reporting period under PBE Standards.

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

- D5. 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.
- D6. 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.*

- BC1. In developing Tier 1 and Tier 2 PBE Standards, based on International Public Sector Accounting Standards (IPSASs), the New Zealand Accounting Standards Board (NZASB) noted that there is no single IPSAS that addresses issues arising from first-time application of IPSASs. Some IPSASs contain transitional provisions which provide temporary relief from certain requirements in individual IPSASs and some provide guidance on how to deal with changes in reported figures, such as accumulated balances and comparative amounts, resulting from the first-time application of a specific IPSAS.
- BC2. The NZASB decided that it would be easier for entities to transition to PBE Standards if the transitional provisions for an entity applying PBE Standards for the first time were set out in a single standard. The development of a standard dealing with first-time adoption issues would also make it easier for the NZASB to tailor transitional provisions to the needs of different groups of entities (for example, the needs of entities might differ depending on the basis of accounting an entity used prior to applying PBE Standards).
- 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<sup>5</sup> 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.
- 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*.<sup>6</sup>
- 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<sup>7</sup> 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.
- BC6. The NZASB has retained in PBE FRS 47 all relevant concessions contained in NZ IFRS 1. In addition, the NZASB has included transitional provisions for revenue from non-exchange transactions and service concessions arrangements from the grantor perspective: these transactions are not addressed in NZ IFRS. Transitional provisions similar to those contained in PBE FRS 46 are also included for entities that may have (i) previously measured transactions at a foreign exchange rate prevailing at settlement date rather than at the date of the transaction and (ii) previously expensed development costs rather than recognising them as assets. The NZASB considered that specific transitional provisions for these two cases are appropriate as it may be onerous for entities to restate these transactions retrospectively.
- 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).

---

<sup>5</sup> When PBE Standards were first issued, the NZ IFRS suites of standards were NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep and NZ IFRS RDR. NZ IFRS PBE and NZ IFRS Diff Rep were subsequently withdrawn.

<sup>6</sup> This section of the Basis for Conclusions identifies matters considered when PBE FRS 46 and PBE FRS 47 were first developed. In 2020 the NZASB withdrew PBE FRS 46 and amended the title of PBE FRS 47. Matters considered at that time are discussed later in this Basis for Conclusions.

<sup>7</sup> 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.]

- BC8. The NZASB acknowledged respondents' comments regarding the usefulness of comparative information. However, the NZASB noted that it may be onerous for not-for-profit entities that have not previously applied NZ IFRS, in particular smaller entities, to present full comparative financial information on transition to PBE Standards. The NZASB decided that if a Tier 2 not-for-profit entity does not provide comparative information in its first set of financial statements prepared under PBE Standards, the entity should attach a copy of the previous year's financial statements and provide an explanation of the significant differences in accounting policies applied between the two sets of financial statements.
- BC9. The NZASB would encourage Tier 2 not-for-profit entities to present full comparative information on transition to PBE Standards, where it would not be onerous.

### **2018 Omnibus Amendments to PBE Standards**

- BC10. In December 2016 the IASB issued IFRIC 22 *Foreign Currency Transactions and Advance Consideration* and amended IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The IPSASB subsequently issued *Improvements to IPSAS, 2018* which incorporated the requirements of IFRIC 22 in IPSAS 4 *The Effects of Changes in Foreign Exchange Rates* and amended IPSAS 33 *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*. The NZASB amended PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates* and PBE FRS 47 in *2018 Omnibus Amendments to PBE Standards*.

### **Uncertainty over Income Tax Treatments (Amendments to PBE IAS 12)**

- BC11. When developing IFRIC 23 *Uncertainty over Income Tax Treatments*, the IFRS Interpretations Committee observed that retrospective application of IFRIC 23 without the use of hindsight would often be impossible for entities. The Committee also observed that if a first-time adopter's date of transition to IFRS Standards is before the date IFRIC 23 is issued, the first-time adopter may face the same hindsight difficulties as entities that already apply IFRS Standards. Consequently, IFRS 1 provides that first-time adopters whose date of transition to IFRS Standards is before 1 July 2017 are not required to present in their first IFRS financial statements comparative information that reflects IFRIC 23.
- BC12. The same provision was included in NZ IFRS 1 when NZ IFRIC 23 *Uncertainty over Income Tax Treatments* was issued in August 2017. The NZASB therefore decided to include this provision in PBE FRS 47 when issuing *Uncertainty over Income Tax Treatments (Amendments to PBE IAS 12)*, albeit referring to a date of transition to PBE Standards before 1 October 2019.

### **Withdrawal of PBE FRS 46**

- BC13. 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.
- BC16. Respondents supported the proposals and the NZASB finalised the proposals in February 2020. The effective date of the withdrawal of PBE FRS 46 was 1 January 2021.

**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.



## History of Amendments

PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS* was issued in September 2014. In 2020 the title was changed to *First-time Adoption of PBE Standards*.

This table lists the pronouncements establishing and substantially amending PBE FRS 47. The table is based on amendments issued as at 31 January 2021 other than consequential amendments resulting from early adoption of PBE IFRS 17 *Insurance Contracts*.

Pronouncements	Date issued	Early operative date	Effective date (annual financial statements ... on or after ...)
PBE FRS 47 <i>First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS</i>	Sept 2014	Early application is permitted for not-for-profit public benefit entities	1 April 2015
<i>2015 Omnibus Amendments to PBE Standards</i>	July 2015	Early application is permitted	1 Jan 2016
<i>Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments</i>	Dec 2015	Early application is permitted	1 Jan 2016
<i>2016 Omnibus Amendments to PBE Standards</i>	Jan 2017	–	1 Jan 2017
PBE IPSAS 34 <i>Separate Financial Statements</i>	Jan 2017	Early application is permitted	1 Jan 2019
PBE IPSAS 35 <i>Consolidated Financial Statements</i>	Jan 2017	Early application is permitted	1 Jan 2019
PBE IPSAS 36 <i>Interests in Associates and Joint Ventures</i>	Jan 2017	Early application is permitted	1 Jan 2019
PBE IPSAS 37 <i>Joint Arrangements</i>	Jan 2017	Early application is permitted	1 Jan 2019
PBE IFRS 9 <i>Financial Instruments</i>	Jan 2017	Early application is permitted	1 Jan 2022 <sup>8</sup>
PBE IPSAS 39 <i>Employee Benefits</i>	May 2017	Early application is permitted	1 Jan 2019
PBE FRS 48 <i>Service Performance Reporting</i>	Nov 2017	Early application is permitted	1 Jan 2022 <sup>9</sup>
<i>2018 Omnibus Amendments to PBE Standards</i>	Nov 2018	Early application is permitted	1 Jan 2019
PBE IPSAS 41 <i>Financial Instruments</i>	Mar 2019	Early application is permitted	1 Jan 2022
PBE IPSAS 40 <i>PBE Combinations</i>	July 2019	Early application is permitted	1 Jan 2021
PBE IFRS 17 <i>Insurance Contracts</i>	July 2019	Early application is permitted	1 Jan 2023 <sup>10</sup>

<sup>8</sup> PBE IFRS 9 was subsequently withdrawn by PBE IPSAS 41. The amendments in Appendix D of PBE IFRS 9 were not compiled. *Effective Date of PBE IFRS 9*, issued in March 2019, deferred the effective date of PBE IFRS 9 from 1 January 2021 to 1 January 2022.

<sup>9</sup> *2020 Amendments to PBE FRS 48* deferred the effective date of PBE FRS 48 from 1 January 2021 to 1 January 2022.

<sup>10</sup> PBE IFRS 17 has not been compiled. It applies to not-for-profit PBEs only. *Amendments to PBE IFRS 17* deferred the effective date of PBE IFRS 17 from 1 January 2022 to 1 January 2023.

<b>Pronouncements</b>	<b>Date issued</b>	<b>Early operative date</b>	<b>Effective date (annual financial statements ... on or after ...)</b>
<i>Uncertainty over Income Tax Treatments</i> (Amendments to PBE IAS 12)	Aug 2019	Early application is permitted	1 Jan 2020
<i>Withdrawal of PBE FRS 46</i> (Amendments to PBE FRS 47)	Feb 2020	Early application is permitted	1 Jan 2021
<i>2020 Amendments to PBE FRS 48</i>	Aug 2020	Early application is permitted	1 Jan 2021

<b>Table of Amended Paragraphs in PBE FRS 47</b>		
<b>Paragraph affected</b>	<b>How affected</b>	<b>By ... [date]</b>
Title	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 3	Amended	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 4	Amended and heading added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 4	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 5	Previously paragraph 6 and amended	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 5.1	Added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 6	Previously paragraph 5 and amended	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 6	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 6.1	Added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 7	Amended	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 8	Deleted	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraphs RDR 8.1–RDR 8.6 and heading	Added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph RDR 8.1	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph RDR 8.4	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 9	Amended	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 9 (amended definitions of PBE Standards RDR and Previous GAAP. Deleted various definitions.)	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 13	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 14	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 16	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 22	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 25	Amended	<i>2015 Omnibus Amendments to PBE Standards</i> [July 2015]
Paragraph RDR27.2	Amended	<i>2020 Amendments to PBE FRS 48</i> [Aug 20]

<b>Table of Amended Paragraphs in PBE FRS 47</b>		
<b>Paragraph affected</b>	<b>How affected</b>	<b>By ... [date]</b>
Paragraph RDR27.3	Amended	<i>2020 Amendments to PBE FRS 48</i> [Aug 20]
Paragraph 28	Amended	PBE FRS 48 [Nov 2017]
Paragraph 29.1	Added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph RDR 29.2	Added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 29.3	Added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph RDR 29.4	Added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 30	Amended	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph RDR 30.1	Added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph RDR 30.1	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 36	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 36A	Added	PBE IPSAS 41 [Mar 2019]
Paragraph RDR36.1	Added	PBE IPSAS 41 [Mar 2019]
Paragraph 38	Amended	PBE IPSAS 34 [Jan 2017]
Paragraph 42.1	Added	<i>2015 Omnibus Amendments to PBE Standards</i> [July 2015]
Paragraph 42.2	Added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 42.3	Added	<i>2016 Omnibus Amendments to PBE Standards</i> [Jan 2017]
Paragraph 42.4	Added	PBE IPSAS 34 [Jan 2017]
Paragraph 42.5	Added	PBE IFRS 9 [Jan 2017]
Paragraph 42.5	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 42.6	Added	PBE IPSAS 39 [May 2017]
Paragraph 42.7	Added	<i>2018 Omnibus Amendments to PBE Standards</i> [Nov 2018]
Paragraph 42.7	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 42.8	Added	PBE IPSAS 40 [July 2019]
Paragraph 42.9	Added	PBE IPSAS 41 [Mar 2019]
Paragraph 42.11	Added	<i>Uncertainty over Income Tax Treatments</i> [Aug 2019]
Paragraph 42.12	Added	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph 42.13	Added	<i>2020 Amendments to PBE FRS 48</i> [Aug 20]
Paragraph A1	Amended	PBE IPSAS 40 [July 2019]
Paragraph A1	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph A2	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph A3	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph A4	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph A5	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph A6	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph A7 (and preceding heading)	Added	PBE IPSAS 40 [July 2019]
Paragraph A8 (and preceding heading)	Added	PBE IPSAS 41 [Mar 2019]
Paragraph A8A	Added	PBE IPSAS 41 [Mar 2019]

<b>Table of Amended Paragraphs in PBE FRS 47</b>		
<b>Paragraph affected</b>	<b>How affected</b>	<b>By ... [date]</b>
Paragraph A8B	Added	PBE IPSAS 41 [Mar 2019]
Paragraph A8C	Added	PBE IPSAS 41 [Mar 2019]
Paragraph A8D	Added	PBE IPSAS 41 [Mar 2019]
Paragraph A8D (and preceding heading)	Amended	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph A8E	Added	PBE IPSAS 41 [Mar 2019]
Paragraph A8F	Added	PBE IPSAS 41 [Mar 2019]
Paragraph A8G	Added	PBE IPSAS 41 [Mar 2019]
Paragraph A9 (and preceding heading)	Added	PBE IPSAS 41 [Mar 2019]
Paragraph B1	Amended	PBE IPSAS 34 [Jan 2017]
Paragraph B1	Amended	PBE IPSAS 40 [July 2019]
Paragraph B2	Amended	PBE IPSAS 40 [July 2019]
Paragraph B3	Amended	PBE IPSAS 40 [July 2019]
Paragraph B4	Amended	PBE IPSAS 34 [Jan 2017]
Paragraph B4	Amended	PBE IPSAS 40 [July 2019]
Paragraph B5	Amended	PBE IPSAS 40 [July 2019]
Paragraphs B6–B9 (and preceding heading)	Added	PBE IPSAS 40 [July 2019]
Paragraph C1	Amended	PBE IPSAS 34 [Jan 2017]
Paragraph C1	Amended	PBE IPSAS 39 [May 2017]
Paragraph C1	Amended	<i>2018 Omnibus Amendments to PBE Standards</i> [Nov 2018]
Paragraph C1	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph C4	Amended	<i>2016 Omnibus Amendments to PBE Standards</i> [Jan 2017]
Paragraph C4	Amended	PBE FRS 48 [Nov 2017]
Paragraph C8	Amended	PBE IPSAS 39 [May 2017]
Paragraph C11 (and preceding heading)	Amended	PBE IPSAS 34 [Jan 2017]
Paragraph C11	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph C12	Amended	PBE IPSAS 34 [Jan 2017]
Paragraph C12	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph C13	Amended	PBE IPSAS 34 [Jan 2017]
Paragraph C13	Amended	PBE IPSAS 40 [July 2019]
Paragraph C14	Amended	PBE IPSAS 40 [July 2019]
Paragraph C16	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph C16A	Added	PBE IPSAS 41 [Mar 2019]
Paragraph C16B	Added	PBE IPSAS 41 [Mar 2019]
Paragraph C16C	Added	PBE IPSAS 41 [Mar 2019]
Paragraph C17	Amended	PBE IPSAS 41 [Mar 2019]

<b>Table of Amended Paragraphs in PBE FRS 47</b>		
<b>Paragraph affected</b>	<b>How affected</b>	<b>By ... [date]</b>
Paragraph C31 (and preceding heading)	Added	PBE IPSAS 34 [Jan 2017]
Paragraph C32 (and preceding heading)	Added	<i>2018 Omnibus Amendments to PBE Standards</i> [Nov 2018]
Paragraph C33 (and preceding heading)	Added	PBE IPSAS 41 [Mar 2019]
Paragraphs D1–D2 (and preceding heading)	Added	PBE IPSAS 34 [Jan 2017]
Paragraph D3	Amended	PBE IPSAS 39 [May 2017]
Paragraph D4 (and preceding heading)	Added	<i>Uncertainty over Income Tax Treatments</i> [Aug 2019]
Paragraph D5 and the preceding heading	Renumbered (previously E1)	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph D6	Renumbered (previously E2)	<i>Withdrawal of PBE FRS 46</i> [Feb 2020]
Paragraph E1 (see D5)	Added	PBE IPSAS 41 [Mar 2019]
Paragraph E2 (see D6)	Added	PBE IPSAS 41 [Mar 2019]