

Appendix D Amendments to other Standards

Except where otherwise stated, an entity shall apply the amendments in this Appendix when it applies PBE IFRS 17 issued in July 2019.

PBE IPSAS 1 *Presentation of Financial Reports*

Paragraphs 7, 88 and 99.1 are amended and paragraph 154.12 is added. New text is underlined and deleted text is struck through.

Amendments to PBE IFRS 17, issued in August 2020, further amended paragraphs 88 and 154.12. The final amendments are shown below.

Definitions

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

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Other comprehensive revenue and expense comprises items of revenue and expense (including reclassification adjustments) that are not recognised in surplus or deficit as required or permitted by other PBE Standards.

The components of other comprehensive revenue and expense include:

(a) ...

(h) ...; ~~and~~

(i) ...; ~~and~~

(j) Insurance finance revenue and expenses from contracts issued within the scope of PBE IFRS 17 *Insurance Contracts* excluded from surplus or deficit when total insurance finance revenue or expenses is disaggregated to include in surplus or deficit an amount determined by a systematic allocation applying paragraph 88(b) of PBE IFRS 17, or by an amount that eliminates accounting mismatches with the finance revenue or expenses arising on the underlying items, applying paragraph 89(b) of PBE IFRS 17; and

(k) Finance revenue and expenses from reinsurance contracts held excluded from surplus or deficit when total reinsurance finance revenue or expenses is disaggregated to include in surplus or deficit an amount determined by a systematic allocation applying paragraph 88(b) of PBE IFRS 17.

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Information to be Presented on the Face of the Statement of Financial Position

88. The face of the statement of financial position shall include line items that present the following amounts:

(a) ...

(da) **Portfolios of contracts within the scope of PBE IFRS 17 that are assets, disaggregated as required by paragraph 78 of PBE IFRS 17;**

(e) ...

(ma) **Portfolios of contracts within the scope of PBE IFRS 17 that are liabilities, disaggregated as required by paragraph 78 of PBE IFRS 17;**

(n) ...

Statement of Comprehensive Revenue and Expense

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Surplus or Deficit for the Period

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- 99.1 The surplus or deficit section or the statement of comprehensive revenue and expense shall include line items that present the following amounts for the period:
- (a) Revenue, presenting separately:
 - (i) Interest revenue calculated using the effective interest method; and
 - (ii) Insurance revenue (see PBE IFRS 17);
 - (aa) ...
 - (ab) Insurance service expenses from contracts issued within the scope of PBE IFRS 17 (see PBE IFRS 17);
 - (ac) Revenue or expenses from reinsurance contracts held (see PBE IFRS 17);
 - (b) ...
 - (bb) Insurance finance revenue or expenses from contracts issued within the scope of PBE IFRS 17 (see PBE IFRS 17);
 - (bc) Finance revenue or expenses from reinsurance contracts held (see PBE IFRS 17);
 - (c) ...

Effective Date

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154.12 PBE IFRS 17, issued in July 2019, amended paragraphs 7, 88 and 99.1. Amendments to PBE IFRS 17, issued in August 2020, further amended paragraph 88. An entity shall apply those amendments when it applies PBE IFRS 17.

PBE IPSAS 2 Cash Flow Statements

Paragraph 22 is amended and paragraph 63.4 is added. New text is underlined and deleted text is struck through.

Operating Activities

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22. Cash flows from operating activities are primarily derived from the principal cash-generating activities of the entity. Examples of cash flows from operating activities are:
- (a) ...
 - (k) [Deleted by NZASB] Cash receipts and cash payments of an insurance entity for premiums and claims, annuities and other policy benefits;
 - (l) ...

Effective Date

...

63.4 PBE IFRS 17 Insurance Contracts, issued in July 2019, amended paragraph 22. An entity shall apply that amendment when it applies PBE IFRS 17.

PBE IPSAS 9 Revenue from Exchange Transactions

Paragraph 10 is amended and paragraph 42.6 is added. New text is underlined and deleted text is struck through.

Scope

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10. This Standard does not deal with revenues arising from:

- (a) ...
- (d) Insurance contracts within the scope of ~~PBE IFRS 4~~ PBE IFRS 17 Insurance Contracts. However, an entity may choose to apply this Standard to insurance contracts that have as their primary purpose the provision of services for a fixed fee in accordance with paragraph 8 of PBE IFRS 17;
- (e) ...

Effective Date

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42.6 PBE IFRS 17 Insurance Contracts, issued in July 2019, amended paragraph 10. An entity shall apply that amendment when it applies PBE IFRS 17.

PBE IPSAS 13 Leases

Paragraph 86.6 is added. New text is underlined.

Effective Date

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86.6 PBE IFRS 17, issued in July 2019, amended paragraph B7. An entity shall apply that amendment when it applies PBE IFRS 17.

In Appendix B, paragraph B7 is amended. New text is underlined and deleted text is struck through.

Consensus

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B7. Other obligations of an arrangement, including any guarantees provided and obligations incurred upon early termination, shall be accounted for under PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*, PBE IPSAS 41 *Financial Instruments* or PBE IFRS 17~~PBE IFRS 4~~ *Insurance Contracts*, depending on the terms.

PBE IPSAS 16 *Investment Property*

Paragraphs 41.1–41.3 and 102.8 are added. New text is underlined.

Accounting Policy

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41.1 An entity may:

- (a) Choose either the fair value model or the cost model for all investment property backing liabilities that pay a return linked directly to the fair value of, or returns from, specified assets including that investment property; and
- (b) Choose either the fair value model or the cost model for all other investment property, regardless of the choice made in (a).

41.2 Some entities operate, either internally or externally, an investment fund that provides investors with benefits determined by units in the fund. Similarly, some entities issue insurance contracts with direct participation features, for which the underlying items include investment property. For the purposes of paragraphs 41.1–41.2 only, insurance contracts include investment contracts with discretionary participation features. Paragraph 41.1 does not permit an entity to measure property held by the fund (or property that is an underlying item) partly at cost and partly at fair value. (See PBE IFRS 17 *Insurance Contracts* for terms used in this paragraph that are defined in that Standard.)

41.3 If an entity chooses different models for the two categories described in paragraph 41.1, sales of investment property between pools of assets measured using different models shall be recognised at fair value and the cumulative change in fair value shall be recognised in surplus or deficit. Accordingly, if an investment property is sold from a pool in which the fair value model is used into a pool in which the cost model is used, the property's fair value at the date of the sale becomes its deemed cost.

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Effective Date

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102.8 PBE IFRS 17, issued in July 2019, added paragraphs 41.1–41.3. An entity shall apply those amendments when it applies PBE IFRS 17.

In the Basis for Conclusions, paragraphs BC10–BC11 and the related heading are added. New text is underlined.

PBE IFRS 17 *Insurance Contracts*

BC10. IFRS 4 *Insurance Contracts* added paragraphs 32A–32C to IAS 40. Paragraph 32B was subsequently amended as a consequential amendment of IFRS 17 *Insurance Contracts*. The equivalent paragraphs were not included in PBE IPSAS 16 when the NZASB issued the suite of PBE Standards.

BC11. When developing PBE IFRS 17 *Insurance Contracts* the NZASB considered these paragraphs and believed that adding these paragraphs to PBE IPSAS 16 would maintain the cohesion of the suite of PBE Standards and align the requirements with NZ IFRS for entities that issue insurance contracts. Therefore, PBE IFRS 17 issued in July 2019, added paragraphs 41.1–41.3 to PBE IPSAS 16. These paragraphs contain the same requirements as paragraphs 32A–32C of IAS 40.

PBE IPSAS 17 *Property, Plant and Equipment*

Paragraphs 42.1, 42.2 and 108.12 are added. New text is underlined.

Measurement after Recognition

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42.1 Some entities operate, either internally or externally, an investment fund that provides investors with benefits determined by units in the fund. Similarly, some entities issue groups of insurance contracts with direct participation features and hold the underlying items. Some such funds or underlying items include owner-occupied property. The entity applies PBE IPSAS 17 to owner-occupied properties that are included in such a fund or are underlying items. Despite paragraph 42, the entity may elect to measure such properties using the fair value model in accordance with PBE IPSAS 16. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features. (See PBE IFRS 17 *Insurance Contracts* for terms used in this paragraph that are defined in that Standard).

42.2 An entity shall treat owner-occupied property measured using the investment property fair value model applying paragraph 42.1 as a separate class of property, plant and equipment.

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Effective Date

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108.12 PBE IFRS 17, issued in July 2019, added paragraphs 42.1 and 42.2. An entity shall apply those amendments when it applies PBE IFRS 17.

PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*

Paragraph 1 is amended and paragraph 112.9 is added. New text is underlined and deleted text is struck through.

Scope

1. An entity that prepares and presents financial statements shall apply this Standard in accounting for provisions, contingent liabilities, and contingent assets, except:

(a) ...

(d) Insurance contracts and other contracts within the scope of ~~PBE IFRS 4~~ PBE IFRS 17 *Insurance Contracts*.

(e) ...

Effective Date

...

112.9 PBE IFRS 17, issued in July 2019, amended paragraph 1. An entity shall apply that amendment when it applies PBE IFRS 17.

PBE IPSAS 26 *Impairment of Cash-Generating Assets*

Paragraph 2 is amended and paragraph 127.10 is added. New text is underlined and deleted text is struck through.

Amendments to PBE IFRS 17, issued in August 2020, further amended paragraph 2. The final amendments are shown below.

Scope

2. An entity that prepares and presents financial statements shall apply this Standard in accounting for the impairment of cash-generating assets, except for:
- (a) ...
 - (k) ~~Deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance~~ Contracts within the scope of PBE IFRS 4 *PBE IFRS 17 Insurance Contracts* that are assets and any assets for insurance acquisition cash flows as defined in PBE IFRS 17; and
 - (l) ...

Effective Date

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127.10 PBE IFRS 17, issued in July 2019, amended paragraph 2. *Amendments to PBE IFRS 17*, issued in August 2020, further amended paragraph 2. An entity shall apply that amendment when it applies PBE IFRS 17.

PBE IPSAS 28 *Financial Instruments: Presentation*

Paragraphs 3 and 9 are amended and paragraphs 38.1 and 62.7 are added. New text is underlined and deleted text is struck through.

Amendments to PBE IFRS 17, issued in August 2020, further amended paragraphs 8, 38.1 and 62.7. The final amendments are shown below.

Scope (see also paragraphs AG3–AG9)

3. An entity that prepares and presents financial statements shall apply this Standard to all types of financial instruments except:
- ...
- (c) ~~Obligations arising from insurance contracts as defined in PBE IFRS 17 *Insurance Contracts* and investment contracts with discretionary participation features within the scope of PBE IFRS 17.~~ However, this Standard applies to:
 - (i) Derivatives that are embedded in ~~insurance contracts~~ within the scope of PBE IFRS 17 if PBE IPSAS 41 requires the entity to account for them separately.
 - (ii) Investment components that are separated from contracts within the scope of PBE IFRS 17, if PBE IFRS 17 requires such separation, unless the separated investment component is an investment contract with discretionary participation features within the scope of PBE IFRS 17. ~~Financial guarantee contracts, if the issuer applies PBE IPSAS 41 in recognising and measuring the contracts, but shall apply PBE IFRS 4 *Insurance Contracts* if the issuer elects to apply that standard in recognising and measuring them.~~

- (iii) An issuer's rights and obligations arising under insurance contracts that meet the definition of ~~Moreover, an issuer shall apply this Standard to financial guarantee contracts, if the issuer applies PBE IPSAS 41 in recognising and measuring the contracts. However, the issuer shall apply PBE IFRS 17 if the issuer elects, in accordance with paragraph 7(e) of PBE IFRS 17, to apply PBE IFRS 17 in recognising and measuring the contracts~~them.
- (iv) An entity's rights and obligations that are financial instruments arising under credit card contracts, or similar contracts that provide credit or payment arrangements, that an entity issues that meet the definition of an insurance contract if the entity applies PBE IPSAS 41 to those rights and obligations in accordance with paragraph 7(h) of PBE IFRS 17 and paragraph 2(e)(iv) of PBE IPSAS 41.
- (v) An entity's rights and obligations that are financial instruments arising under insurance contracts that an entity issues that limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract, if the entity elects, in accordance with paragraph 8A of PBE IFRS 17, to apply PBE IPSAS 41 instead of PBE IFRS 17 to such contracts.

~~In addition to (i) and (ii) above, an entity may apply this Standard to insurance contracts which involve the transfer of financial risk.~~

- (d) ~~[Deleted by NZASB]Financial instruments that are within the scope of PBE IFRS 4 because they contain a discretionary participation feature. The issuer of these instruments is exempt from applying to these features paragraphs 15 32 and AG25 AG35 of this Standard regarding the distinction between financial liabilities and equity instruments. However, these instruments are subject to all other requirements of this Standard. Furthermore, this Standard applies to derivatives that are embedded in these instruments (see PBE IPSAS 41).~~
- (e) ...

Definitions (see also paragraphs AG10–AG48)

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

...

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. (See Appendix B of the Application Guidance in PBE IFRS 4/PBE IFRS 17 for guidance on this definition.)

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Treasury Shares (see also paragraph AG61)

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- 38.1 Some entities operate, either internally or externally, an investment fund that provides investors with benefits determined by units in the fund and recognise financial liabilities for the amounts to be paid to those investors. Similarly, some entities issue groups of insurance contracts with direct participation features and those entities hold the underlying items. Some such funds or underlying items include the entity's treasury shares. Despite paragraph 38, an entity may elect not to deduct from net assets/equity a treasury share that is included in such a fund or is an underlying item when, and only when, an entity reacquires its own equity instrument for such purposes. Instead, the entity may elect to continue to account for that treasury share as net assets/equity and to account for the reacquired instrument as if the instrument were a financial asset and measure it at fair value through surplus or deficit in accordance with PBE IPSAS 41. That election is irrevocable and made on an instrument-by-instrument basis. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features. (See PBE IFRS 17 for terms used in this paragraph that are defined in that Standard.)

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Effective Date

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62.7 PBE IFRS 17, issued in July 2019, amended paragraphs 3, 9, AG9, AG15 and AG61, and added paragraph 38.1. Amendments to PBE IFRS 17, issued in August 2020, further amended paragraphs 3 and 38.1. An entity shall apply those amendments when it applies PBE IFRS 17.

In the Application Guidance, paragraphs AG9, AG15 and AG61 are amended. New text is underlined and deleted text is struck through.

Insurance Contracts

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AG9. In accordance with paragraph 3(c), an entity treats financial guarantee contracts as financial instruments unless it elects to treat such contracts as insurance contracts in accordance with ~~PBE IFRS 4~~ PBE IFRS 17.

Definitions (paragraphs 9–12)

Financial Assets and Financial Liabilities

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AG15. The ability to exercise a contractual right or the requirement to satisfy a contractual obligation may be absolute, or it may be contingent on the occurrence of a future event. For example, a financial guarantee is a contractual right of the lender to receive cash from the guarantor, and a corresponding contractual obligation of the guarantor to pay the lender, if the borrower defaults. The contractual right and obligation exist because of a past transaction or event (assumption of the guarantee), even though the lender's ability to exercise its right and the requirement for the guarantor to perform under its obligation are both contingent on a future act of default by the borrower. A contingent right and obligation meet the definition of a financial asset and a financial liability, even though such assets and liabilities are not always recognised in the financial statements. Some of these contingent rights and obligations may be ~~insurance~~ contracts within the scope of PBE IFRS 17.

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Treasury Shares (paragraphs 38–39)

AG61. An entity's own equity instruments are not recognised as a financial asset regardless of the reason for which they are reacquired. Paragraph 38 requires an entity that reacquires its own equity instruments to deduct those equity instruments from net assets/equity (but see also paragraph 38.1). However, when an entity holds its own equity instruments on behalf of others, for example, a financial institution holding its own equity instruments on behalf of a client, there is an agency relationship and as a result those holdings are not included in the entity's statement of financial position.

...

PBE IPSAS 30 *Financial Instruments: Disclosures*

Paragraphs 3, 11 and 35 are amended, paragraph 53.8 is added and paragraph 36 is deleted. New text is underlined and deleted text is struck through.

Amendments to PBE IFRS 17, issued in August 2020, further amended paragraphs 3 and 53.8. The final amendments are shown below.

Scope

3. This Standard shall be applied by all entities to all types of financial instruments, except:
- (a) ...
 - (c) Rights and obligations arising under insurance contracts as defined in PBE IFRS 17 Insurance Contracts and or investment contracts with discretionary participation features within the scope of PBE IFRS 17. However, this Standard applies to:
 - (i) Derivatives that are embedded in insurance contracts within the scope of PBE IFRS 17 if PBE IPSAS 41 requires the entity to account for them separately.
 - (ii) Investment components that are separated from contracts within the scope of PBE IFRS 17, if PBE IFRS 17 requires such separation, unless the separated investment component is an investment contract with discretionary participation features. An issuer of financial guarantee contracts if the issuer applies PBE IPSAS 41 in recognising and measuring the contracts, but shall apply PBE IFRS 4 Insurance Contracts if the issuer elects to apply that standard in recognising and measuring them.
 - (iii) An issuer's rights and obligations arising under insurance contracts that meet the definition of ~~Moreover, an issuer shall apply this Standard to financial guarantee contracts, if the issuer applies PBE IPSAS 41 in recognising and measuring the contracts. However, the issuer, but shall apply PBE IFRS 17 if the issuer elects, in accordance with paragraph 7(e) of PBE IFRS 17, to apply PBE IFRS 17 in recognising and measuring the contracts.~~
 - (iv) An entity's rights and obligations that are financial instruments arising under credit card contracts, or similar contracts that provide credit or payment arrangements, that an entity issues that meet the definition of an insurance contract if the entity applies PBE IPSAS 41 to those rights and obligations in accordance with paragraph 7(h) of PBE IFRS 17 and paragraph 2(e)(iv) of PBE IPSAS 41.
 - (v) An entity's rights and obligations that are financial instruments arising under insurance contracts that an entity issues that limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract, if the entity elects, in accordance with paragraph 8A of PBE IFRS 17, to apply PBE IPSAS 41 instead of PBE IFRS 17 to such contracts.

~~In addition to (i) and (ii) above, an entity may apply this Standard to insurance contracts which involve the transfer of financial risk.~~
 - (d) ...

Categories of Financial Assets and Financial Liabilities

11. The carrying amounts of each of the following categories, as specified in PBE IPSAS 41, shall be disclosed either in the statement of financial position or in the notes:
- * (a) Financial assets measured at fair value through surplus or deficit, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with paragraph 152 of PBE IPSAS 41; (ii) those measured as such in accordance with the election in paragraph 38.1 of PBE IPSAS 41; (iii) those measured as such in accordance with the election in paragraph 38.1 of PBE IPSAS 28; and (iv) those mandatorily measured at fair value through surplus or deficit in accordance with PBE IPSAS 41.

(b) ...

Fair Value

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35. Disclosures of fair value are not required:

(a) ...

(c) ~~[Deleted by NZASB] For a contract containing a discretionary participation feature, if the fair value of that feature cannot be measured reliably.~~36. ~~[Deleted by NZASB] In the case described in paragraph 35(c), an entity shall disclose information to help users of the financial statements make their own judgements about the extent of possible differences between the carrying amount of those contracts and their fair value, including:~~(a) ~~the fact that fair value information has not been disclosed for these instruments because their fair value cannot be measured reliably;~~(b) ~~a description of the financial instruments, their carrying amount, and an explanation of why fair value cannot be measured reliably;~~(c) ~~information about the market for the instruments;~~(d) ~~information about whether and how the entity intends to dispose of the financial instruments; and~~(e) ~~if financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amount at the time of derecognition, and the amount of gain or loss recognised.~~

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Effective Date and Transition

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53.8 PBE IFRS 17, issued in July 2019, amended paragraphs 3, 11 and 35 and deleted paragraph 36. Amendments to PBE IFRS 17, issued in August 2020, further amended paragraph 3. An entity shall apply those amendments when it applies PBE IFRS 17.

PBE IPSAS 31 Intangible Assets

Paragraph 3 is amended and paragraph 133.9 is added. New text is underlined and deleted text is struck through.

Amendments to PBE IFRS 17, issued in August 2020, further amended paragraphs 8 and 133.9. The final amendments are shown below.

Scope

3. This Standard shall be applied in accounting for intangible assets, except:

(a) ...

(i) ~~Deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts~~ **Contracts within the scope of PBE IFRS 17 Insurance Contracts and any assets for insurance acquisition cash flows as defined in PBE IFRS 17** ~~PBE IFRS 4 sets out specific disclosure requirements for those deferred acquisition costs but not for those intangible assets. Therefore, the disclosure requirements in this Standard apply to those intangible assets; and~~

(j) ...

Effective Date

...

133.9 PBE IFRS 17, issued in July 2019, amended paragraph 3. Amendments to PBE IFRS 17, issued in August 2020, further amended paragraph 3. An entity shall apply that amendment when it applies PBE IFRS 17.

PBE IPSAS 32 Service Concession Arrangements: Grantor

Paragraph 37.6 is added. New text is underlined.

Effective Date

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37.6 PBE IFRS 17, issued in July 2019, amended paragraph AG52. An entity shall apply that amendment when it applies PBE IFRS 17.

In the Application Guidance, paragraph AG52 is amended. New text is underlined and deleted text is struck through.

Other Liabilities, Commitments, Contingent Liabilities and Contingent Assets (see paragraph 29)

AG51. ...

AG52. Certain guarantees made by a grantor may meet the definition of a financial guarantee contract. The grantor determines whether guarantees made by the grantor as part of a service concession arrangement meet the definition of a financial guarantee contract and applies PBE IPSAS 28, PBE IPSAS 30 and PBE IPSAS 41 in accounting for the guarantee. Where the guarantee is an insurance contract, the grantor can elect to apply ~~PBE IFRS 4~~PBE IFRS 17 *Insurance Contracts*. See PBE IPSAS 28, paragraphs AG3-AG9, for further guidance.

PBE IPSAS 36 Investments in Associates and Joint Ventures

Paragraph 24 is amended and paragraph 51.7 is added. New text is underlined and deleted text is struck through.

Exemptions from Applying the Equity Method

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24. When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with PBE IPSAS 41. An example of an investment-linked insurance fund is a fund held by an entity as the underlying items for a group of insurance contracts with direct participation features. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features. An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. (See PBE IFRS 17 *Insurance Contracts* for terms used in this paragraph that are defined in that Standard.) An investment entity will, by definition, have made this election for its investments.

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Effective Date

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51.7 PBE IFRS 17, issued in July 2019, amended paragraph 24. An entity shall apply that amendment when it applies PBE IFRS 17.

PBE IPSAS 39 Employee Benefits

The footnote to paragraph 8 (definition of a qualifying insurance policy) is amended and paragraph 177.2 is added. New text is underlined and deleted text is struck through.

A qualifying insurance policy is not necessarily an insurance contract, as defined in ~~PBE IFRS 4~~ PBE IFRS 17 Insurance Contracts.

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Effective Date

...

177.2 PBE IFRS 17, issued in July 2019, amended the footnote to paragraph 8. An entity shall apply that amendment when it applies PBE IFRS 17.

PBE IPSAS 40 PBE Combinations

Paragraphs 71, 74, 75 and 89 are amended, after paragraph 84.1, a heading and paragraph 84.2 are added and paragraph 126.2 is added. New text is underlined and deleted text is struck through.

Amendments to PBE IFRS 17, issued in August 2020, further amended paragraphs 84.2 and 126.2. The final amendments are shown below.

Classifying or Designating Identifiable Assets Acquired and Liabilities Assumed in an Acquisition

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71. This Standard provides ~~two~~an exceptions to the principle in paragraph 69:

- (a) Classification of a lease arrangement as either an operating lease or a finance lease in accordance with PBE IPSAS 13 *Leases*; and
- (b) ~~[Deleted by NZASB]Classification of a contract as an insurance contract in accordance with PBE IFRS 4 Insurance Contracts.~~

The acquirer shall classify those binding arrangements on the basis of the terms and other factors at the inception of the binding arrangement (or, if the terms of the binding arrangement have been modified in a manner that would change its classification, at the date of that modification, which might be the acquisition date).

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Measurement Principle

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74. Paragraphs 78–84.~~1~~2 specify the types of identifiable assets and liabilities that include items for which this Standard provides limited exceptions to the measurement principle.

Exceptions to the Recognition or Measurement Principles

75. This Standard provides limited exceptions to its recognition and measurement principles. Paragraphs 76-84.~~1~~2 specify both the particular items for which exceptions are provided and the nature of

those exceptions. The acquirer shall account for those items by applying the requirements in paragraphs 76–84.12, which will result in some items being:

...

Insurance Contracts

84.2. The acquirer shall measure a group of contracts within the scope of PBE IFRS 17 *Insurance Contracts* acquired in an acquired operation, and any assets for insurance acquisition cash flows as defined in PBE IFRS 17, as a liability or asset in accordance with paragraphs 39 and AG93–AG95F of PBE IFRS 17, at the acquisition date.

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Bargain Purchases

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89. A bargain purchase might happen, for example, in an acquisition that is a forced sale in which the seller is acting under economic compulsion. However, the recognition or measurement exceptions for particular items discussed in paragraphs 76–84.12 may also result in recognising a gain (or change the amount of a recognised gain) on a bargain purchase.

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Effective Date

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126.2 PBE IFRS 17, issued in July 2019, amended paragraphs 71, 74, 75, 89 and AG107, and after paragraph 84.1 added a heading and paragraph 84.2. Amendments to PBE IFRS 17, issued in August 2020, further amended paragraph 84.2. An entity shall apply the amendments to paragraph 71 to business–PBE combinations with an acquisition date after the date of initial application of PBE IFRS 17. An entity shall apply the other amendments when it applies PBE IFRS 17.

In Appendix A Application Guidance, paragraph AG107 is amended. New text is underlined and deleted text is struck through.

Subsequent Measurement and Accounting (see paragraph 112)

AG107. Examples of other PBE Standards that provide guidance on subsequently measuring and accounting for assets acquired and liabilities assumed or incurred in an acquisition include:

- (a) ...
- (b) [Deleted by NZASB]PBE IFRS 4 provides guidance on the subsequent accounting for an insurance contract acquired in an acquisition.
- (c) ...

PBE IPSAS 41 *Financial Instruments*

Paragraph 2 is amended and paragraphs 38.1 and 156.2 are added. New text is underlined and deleted text is struck through.

Amendments to PBE IFRS 17, issued in August 2020, further amended paragraphs 2 and 156.2 and added paragraphs 184A–184G and a heading above paragraph 184A. The final amendments are shown below.

Scope

2. **This Standard shall be applied by all entities to all types of financial instruments except:**

- (a) ...

- (e) **Rights and obligations arising under:**—(i) An insurance contract as defined in PBE IFRS 17 Insurance Contracts, or an investment contract with discretionary participation features within the scope of PBE IFRS 17. However, this Standard applies to:
- (i) Derivatives that are embedded in an insurance contracts within the scope of PBE IFRS 17, if the derivatives are not itself an insurance themselves contracts within the scope of PBE IFRS 17.
 - (ii) Investment components that are separated from contracts within the scope of PBE IFRS 17, if PBE IFRS 17 requires such separation, unless the separated investment component is an investment contract with discretionary participation features within the scope of PBE IFRS 17.
 - (iii) An issuer's rights and obligations under an insurance contract that meet the definition of a financial guarantee contract. However, if an issuer of financial guarantee contracts has previously applied accounting that is applicable to insurance contracts and adopted an accounting policy that treated financial guarantee contracts as insurance contracts, the issuer may elect to apply either this Standard or PBE IFRS 17 to such financial guarantee contracts (see paragraphs AG5–AG6). The issuer may make that election contract by contract, but the election for each contract is irrevocable.
 - (iv) An entity's rights and obligations that are financial instruments arising under credit card contracts, or similar contracts that provide credit or payment arrangements, that an entity issues that meet the definition of an insurance contract but which paragraph 7(h) of PBE IFRS 17 excludes from the scope of PBE IFRS 17. However, if, and only if, the insurance coverage is a contractual term of such a financial instrument, the entity shall separate that component and apply PBE IFRS 17 to it (see paragraph 7(h) of PBE IFRS 17).
 - (v) An entity's rights and obligations that are financial instruments arising under insurance contracts that an entity issues that limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract, if the entity elects, in accordance with paragraph 8A of PBE IFRS 17, to apply PBE IPSAS 41 instead of PBE IFRS 17 to such contracts.

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Derecognition of Financial Liabilities

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- 38.1 Some entities operate, either internally or externally, an investment fund that provides investors with benefits determined by units in the fund and recognise financial liabilities for the amounts to be paid to those investors. Similarly, some entities issue groups of insurance contracts with direct participation features and those entities hold the underlying items. Some such funds or underlying items include the entity's financial liability (for example, a corporate bond issued). Despite the other requirements in this Standard for the derecognition of financial liabilities, an entity may elect not to derecognise its financial liability that is included in such a fund or is an underlying item when, and only when, the entity repurchases its financial liability for such purposes. Instead, the entity may elect to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if the instrument were a financial asset, and measure it at fair value through surplus or deficit in accordance with this Standard. That election is irrevocable and made on an instrument-by-instrument basis. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features. (See PBE IFRS 17 for terms used in this paragraph that are defined in that Standard.)

...

Effective Date and Transition

Effective Date

156 ...

156.2 PBE IFRS 17, issued in July 2019, amended paragraphs 2, AG1, AG4, AG5 and AG92 and added paragraph 38.1. Amendments to PBE IFRS 17, issued in August 2020, further amended paragraph 2 and added paragraphs 184A–184G. An entity shall apply those amendments when it applies PBE IFRS 17.

Transition

...

Transition for PBE IFRS 17 as amended in August 2020

184A An entity shall apply the amendments to PBE IPSAS 41 made by PBE IFRS 17 as amended in August 2020 as if they have always applied, except as specified in paragraphs 184B–184G.

184B An entity that first applies PBE IFRS 17 as amended in August 2020 at the same time it first applies this Standard shall apply paragraphs 158–184 instead of paragraphs 184C–184G.

184C An entity that first applies PBE IFRS 17 as amended in August 2020 after it first applies this Standard shall apply paragraphs 184D–184G. The entity shall also apply the other transition requirements in this Standard necessary for applying these amendments. For that purpose, references to the date of initial application shall be read as referring to the beginning of the reporting period in which an entity first applies these amendments (date of initial application of these amendments).

184D With regard to designating a financial liability as measured at fair value through surplus or deficit, an entity:

- (a) Shall revoke its previous designation of a financial liability as measured at fair value through surplus or deficit if that designation was previously made in accordance with the condition in paragraph 46(a) but that condition is no longer satisfied as a result of the application of these amendments; and**
- (b) May designate a financial liability as measured at fair value through surplus or deficit if that designation would not have previously satisfied the condition in paragraph 46(a) but that condition is now satisfied as a result of the application of these amendments.**

Such a designation and revocation shall be made on the basis of the facts and circumstances that exist at the date of initial application of these amendments. That classification shall be applied as if it has always applied.

184E An entity is not required to restate prior period comparative information to reflect the application of these amendments. The entity may restate prior period comparative information only if it is possible to do so without the use of hindsight. If an entity restates prior period comparative information, it must reflect all the requirements in this Standard for the affected financial instruments. If an entity does not restate prior period comparative information, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of these amendments in the opening accumulated comprehensive revenue and expense (or other component of net assets/equity, as appropriate) of the annual reporting period that includes the date of initial application of these amendments.

184F In the reporting period that includes the date of initial application of these amendments, an entity is not required to present the quantitative information required by paragraph 33(f) of PBE IPSAS 3.

184G In the reporting period that includes the date of initial application of these amendments, the entity shall disclose the following information as at that date of initial application for each class of financial assets and financial liabilities that was affected by these amendments:

- (a) The previous classification, including the previous measurement category when applicable, and carrying amount determined immediately before applying these amendments;**
- (b) The new measurement category and carrying amount determined after applying these amendments;**
- (c) The carrying amount of any financial liabilities in the statement of financial position that were previously designated as measured at fair value through surplus or deficit but are no longer so designated; and**

- (d) The reasons for any designation or de-designation of financial liabilities as measured at fair value through surplus or deficit.

Paragraphs AG1, AG4, AG5 and AG92 are amended. New text is underlined and deleted text is struck through.

Scope

AG1. Some contracts require a payment based on climatic, geological or other physical variables. (Those based on climatic variables are sometimes referred to as 'weather derivatives'.) If those contracts are not within the scope of PBE IFRS 17 Insurance Contracts, ~~insurance contracts~~, they are within the scope of this Standard.

...

AG4. This Standard applies to the financial assets and financial liabilities of insurers, other than rights and obligations that paragraph 2(e) excludes because they arise under ~~insurance contracts~~ within the scope of PBE IFRS 17. ~~An entity does however apply this Standard to:-~~

- (a) ~~Financial guarantee contracts, except those where the issuer elects to treat such contracts as insurance contracts in accordance with PBE IPSAS 28 *Financial Instruments: Presentation*; and~~
- (b) ~~Embedded derivatives included in insurance contracts.~~

~~An entity may, but is not required to, apply this Standard to other insurance contracts that involve the transfer of financial risk.~~

AG5. Financial guarantee contracts may have various legal forms, such as a guarantee, some types of letter of credit, a credit default contract or an insurance contract. Their accounting treatment does not depend on their legal form. The following are examples of the appropriate treatment (see paragraph 2(e)):

- (a) Although a financial guarantee contract meets the definition of an insurance contract in PBE IFRS 17 (see paragraph 7(e) of PBE IFRS 17) if the risk transferred is significant, the issuer applies this Standard. Nevertheless, ~~an entity may elect, under certain circumstances, to treat financial guarantee contracts as insurance contracts using PBE IPSAS 28~~ if the issuer has previously applied accounting that is applicable to insurance contracts and adopted an accounting policy that treated financial guarantee contracts as insurance contracts, and has used accounting that is applicable to insurance contracts; the issuer may elect to apply either this Standard or ~~PBE IFRS 4~~ PBE IFRS 17 to such financial guarantee contracts. ...
- (b) Some credit-related guarantees do not, as a precondition for payment, require that the holder is exposed to, and has incurred a loss on, the failure of the debtor to make payments on the guaranteed asset when due. An example of such a guarantee is one that requires payments in response to changes in a specified credit rating or credit index. Such guarantees are not financial guarantee contracts as defined in this Standard, and are not insurance contracts as defined in PBE IFRS 17. Such guarantees are derivatives and the issuer applies this Standard to them.

- (c) ...

Designation Eliminates or Significantly Reduces an Accounting Mismatch

...

AG92. The following examples show when this condition could be met. In all cases, an entity may use this condition to designate financial assets or financial liabilities as at fair value through surplus or deficit only if it meets the principle in paragraph 44 or 46(a):

- (a) An entity has ~~liabilities under insurance contracts~~ within the scope of PBE IFRS 17 (whose the measurement of which incorporates current information—(as permitted by paragraph 24 of PBE IFRS 4) and financial assets that it considers to be related and that would otherwise be measured at either fair value through other comprehensive revenue and expense or amortised cost.
- (b) ...

PBE IFRS 4 *Insurance Contracts*

A text box at the front page of PBE IFRS 4 is amended. New text is underlined and deleted text is struck through.

This Standard is superseded by PBE IFRS 17 *Insurance Contracts* for Tier 1 and Tier 2 not-for-profit public benefit entities for annual financial ~~statements~~ reports covering periods beginning on or after 1 January 2022; and for Tier 1 and Tier 2 public sector public benefit entities for annual financial reports covering periods beginning on or after 1 January 2026. Early application is permitted for entities that apply PBE IPSAS 41 *Financial Instruments* on or before the date of initial application of PBE IFRS 17. Tier 1 and Tier 2 public sector public benefit entities are permitted to apply PBE IFRS 17 for accounting periods that begin before 1 January 2026 but have not ended or do not end before 20 July 2023.

~~This Standard continues to apply to Tier 1 and Tier 2 public sector public benefit entities after 1 January 2022.~~

...

PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Paragraph 5 is amended and paragraph 44.10 is added. New text is underlined and deleted text is struck through.

Scope

...

5. The measurement provisions of this Standard [footnote omitted] do not apply to the following assets, which are covered by the Standards listed, either as individual assets or as part of a disposal group:
- (a) ...
 - (f) ~~Contractual rights under insurance contracts as defined in PBE IFRS 4~~ Groups of contracts within the scope of PBE IFRS 17 *Insurance Contracts*.

...

Effective Date

...

- 44.10 PBE IFRS 17, issued in July 2019, amended paragraph 5. An entity shall apply that amendment when it applies PBE IFRS 17.

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

Paragraph 42.10 is added. New text is underlined.

Effective Date

...

42.10 PBE IFRS 17 *Insurance Contracts*, issued in July 2019, amended paragraph A1 and after paragraph A9 added a heading and paragraph A10. An entity shall apply those amendments when it applies PBE IFRS 17.

In Appendix A, paragraph A1 is amended. After paragraph A9, a heading and paragraph A10 are added. New text is underlined and deleted text is struck through.

A1. An entity shall apply the following exceptions:

- (a) ...
- (f) Embedded derivatives (paragraph A9); ~~and~~
- (g) Insurance contracts (paragraph A10).

...

Insurance Contracts

A10. An entity shall apply the transition provisions in paragraphs 132.1–132.24 and 132.28 of PBE IFRS 17 to contracts within the scope of PBE IFRS 17. The references in those paragraphs in PBE IFRS 17 to the transition date shall be read as the date of transition to PBE Standards.

XR B A1 *Application of the Accounting Standards Framework*

Appendix C is amended. Deleted text is struck through.

APPENDIX C

TIER 1 PBE ACCOUNTING REQUIREMENTS AND TIER 2 PBE ACCOUNTING REQUIREMENTS TO BE APPLIED BY PUBLIC BENEFIT ENTITIES

This appendix forms an integral part of XR B A1 Application of the Accounting Standards Framework.

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Accounting Standards

...

PBE IFRS 4 *Insurance Contracts* (superseded on adoption of PBE IFRS 17 ~~for not for profit entities~~)

...

PBE IFRS 17 *Insurance Contracts* ~~(supersedes PBE IFRS 4 for not for profit entities)~~

...