

## **Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments**

This Standard was issued on 10 December 2015 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 7 January 2016.

Reporting entities that are subject to this Standard are required to apply it in accordance with the effective date, which is set out in Part D.

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 Standard has been issued to amend PBE Standards and the related Authoritative Notice as a consequence of the issuance of XRB A1 *Application of the Accounting Standards Framework*.

AMENDMENTS TO PBE STANDARDS AND AUTHORITATIVE NOTICE  
AS A CONSEQUENCE OF XRB A1 AND OTHER AMENDMENTS

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AMENDMENTS TO PBE STANDARDS AND AUTHORITATIVE NOTICE  
AS A CONSEQUENCE OF XRB A1 AND OTHER AMENDMENTS

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## Part A

### Introduction

This Standard amends the PBE Standards applied by Tier 1 and Tier 2 public benefit entities as a consequence of the issuance of XRB A1 *Application of the Accounting Standards Framework*. Those amendments are as follows.

- (a) The title of XRB A1 is amended in the rubric to each PBE Standard and in a footnote in the *PBE Framework*.
- (b) Amendments are made to PBE IPSAS 1 *Presentation of Financial Statements* to:
  - (i) Align the definition of PBE Standards with the definition of NZ IFRS;
  - (ii) Insert a definition of PBE Standards RDR; and
  - (iii) Clarify the assertions of compliance to be made by Tier 1 public benefit entities and Tier 2 public benefit entities; and
  - (iv) Clarify the disclosures about the basis of preparation of the financial statements.
- (c) The definition of PBE Standards is amended in PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* to be consistent with the definition of PBE Standards in PBE IPSAS 1.
- (d) Appendix B of both PBE IPSAS 6 (PS) *Consolidated and Separate Financial Statements* and PBE IPSAS 6 (NFP) *Consolidated and Separate Financial Statements* is amended for clarification.
- (e) The assertions of compliance with interim financial statements by Tier 1 and Tier 2 public benefit entities are clarified in PBE IAS 34 *Interim Financial Reporting*.
- (f) The basis of preparation and assertions of compliance by Tier 1 and Tier 2 public benefit entities are clarified in PBE FRS 43 *Summary Financial Statements*.
- (g) Amendments are made to PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS* and PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS* to:
  - (i) Align the definition of NZ IFRS with the definition in the for-profit accounting standards;
  - (ii) Add definitions of NZ IFRS RDR and PBE Standards RDR;
  - (iii) Align the definition of PBE Standards with the definition in PBE IPSAS 1; and
  - (iv) Clarify the basis of preparation of financial statements by Tier 1 and Tier 2 public benefit entities.

## Scope

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

### **Part B: Generic Amendments to PBE Standards and PBE *Framework***

The title of XRB A1 is amended to XRB A1 *Application of the Accounting Standards Framework* as follows:

- In the rubric of each PBE Standard; and
- In the footnote to paragraph 4.1 of the PBE *Framework*.

## Part C: Other Amendments to PBE Standards

### PBE IPSAS 1 *Presentation of Financial Statements*

The following amendments are proposed to PBE IPSAS 1:

Paragraphs 7, RDR 27.1 and 28 are amended, paragraph 28.1 is renumbered as paragraph 28.2, paragraph 28.2 is renumbered as 28.4 and amended, and paragraphs RDR 28.1, RDR 28.3 and 154.4 are added. New text is underlined and deleted text is struck through. Paragraph 27 is provided for context.

#### Definitions

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

...

**Public Benefit Entity Standards** (PBE Standards) are standards issued by ~~the External Reporting Board (XRB) or the New Zealand Accounting Standards Board (NZASB)~~ of the ~~External Reporting Board~~ XRB 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**

...

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

...

#### Overall Considerations

##### Fair Presentation and Compliance with PBE Standards

\*27. Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in PBE Standards. The application of PBE Standards, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

RDR 27.1 Financial statements shall present fairly the financial position, financial performance and cash flows of a Tier 2 entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the PBE Standards. The application of ~~the~~ PBE Standards Reduced Disclosure Regime (PBE Standards RDR), with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

\*28. An entity whose financial statements comply with Public Benefit Entity Standards (PBE Standards) shall make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as complying with PBE Standards unless they comply with all the requirements of PBE Standards.

RDR 28.1 A Tier 2 entity whose financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) shall make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as

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**complying with PBE Standards RDR unless they comply with all the requirements of PBE Standards RDR.**

28.21 An entity shall disclose in the notes:

- (a) ~~The statutory base~~ **basis or other reporting framework, if any, under which the financial statements are prepared;**
- (b) **A statement whether the financial statements have been prepared in accordance with generally accepted accounting practice (GAAP); and**
- (c) ~~The fact t~~ **That, for the purposes of complying with GAAP financial reporting, it is a public benefit entity; and**
- (e) ~~That it has (i) reported in accordance with Tier 1 PBE Standards or (ii) elected to report in accordance with Tier 2 PBE Standards and applied disclosure concessions. Entities reporting in accordance with Tier 2 PBE Standards shall also disclose the criteria that establish the entity as eligible to report in accordance with Tier 2 PBE Standards.~~

**RDR 28.3 If an entity elects to report in accordance with PBE Standards RDR, it shall disclose in the notes the criteria that establish the entity as eligible to report in accordance with PBE Standards RDR.**

28.42 A number of entities are required by legislation to prepare general purpose financial statements that comply with GAAP. The legislative definition of GAAP in the Financial Reporting Act 2013 refers to applicable financial reporting standards approved by the External Reporting Board, which include PBE Standards. PBE Standards include requirements and guidance specific to public benefit entities and provide reduced disclosures for entities that qualify to apply the Reduced Disclosure Regime. An entity asserting compliance with NZ-GAAP therefore needs to describe the financial reporting standards that have been applied by the entity. For example:

- (a) An entity complying with Tier 1 PBE ~~Accounting Requirements Standards~~ would state: “The financial statements have been prepared in accordance with ~~Tier 1~~ PBE Standards”; and
- (b) An entity complying with Tier 2 PBE ~~Accounting Requirements Standards~~ would state: “The financial statements have been prepared in accordance with ~~Tier 2~~ PBE Standards RDR and ~~disclosure concessions have been applied~~. The criteria under which an entity is eligible to report in accordance with ~~Tier 2~~ PBE Standards RDR are [insert criteria as appropriate]”.

...

## Effective Date

...

**154.4 Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments, issued in December 2015, amended paragraphs 7, RDR 27.1 and 28, renumbered paragraph 28.1 as 28.2, renumbered paragraph 28.2 as 28.4 and amended it and added paragraphs RDR 28.1 and RDR 28.3. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted.**

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

Paragraph 7 is amended and paragraph 60.2 is added. New text is underlined and deleted text is struck through.

### **Definitions**

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

...

Public Benefit Entity Standards (PBE Standards) are standards issued by the External Reporting Board (XRB) or the New Zealand Accounting Standards Board (NZASB) of the ~~External Reporting Board XRB~~ 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

...

### **Effective Date**

...

60.2 Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments, issued in December 2015, amended paragraph 7. An entity shall apply that amendment for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted.

## **PBE IPSAS 6 (NFP) *Consolidated and Separate Financial Statements (Not-for-profit)***

Paragraph 70.2 is inserted and paragraphs B1 and B3 are amended. New text is underlined and deleted text is struck through.

### **Effective Date**

...

70.2 Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments, issued in December 2015, amended paragraphs B1 and B3. It made no changes to the requirements contained in this Standard. Not-for-profit entities shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted.



## Appendix B

### Mixed Groups

*This Appendix is an integral part of PBE IPSAS 6 (NFP)*

#### Introduction

B1. XRB A1 Application of the Accounting Standards Framework (XRB A1) requires a reporting entity, including a group reporting entity, to determine whether it is a for-profit entity or a public benefit entity (PBE). This needs to be determined in order that the reporting entity applies the relevant ~~suite of~~ accounting standards, that is, ~~in the case of Tier 1 and Tier 2 entities,~~ NZ IFRSs for for-profit entities and PBE Standards for ~~PBEs~~ public benefit entities.

...

B3. This Appendix addresses the specific case ~~where that~~ a for-profit entity that has applied NZ IFRS in preparing its financial statements is part member of a group ~~that applies applying Tier 1 or Tier 2 PBE Standards is a for-profit entity that has applied NZ IFRSs in preparing its financial statements.~~ In preparing the consolidated financial statements, consideration needs to be given to the extent to which the amounts reported in the financial statements of the for-profit entity need to be adjusted on consolidation. Similar considerations would also need to be given to other situations in which a PBE group includes an entity that has prepared its financial statements on a basis that differs from PBE Standards, such as where a PBE within a PBE group has applied Tier 3 PBE Accounting Requirements or Tier 4 PBE Accounting Requirements. ~~Simple Format Reporting Accounting Standards.~~

...

### **PBE IPSAS 6 (PS) Consolidated and Separate Financial Statements (Public Sector)**

Paragraph 70.2 is inserted and paragraphs B1 and B3 are amended. New text is underlined and deleted text is struck through.
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#### Effective Date

...

70.2 Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments, issued in December 2015, amended paragraphs B1 and B3. It made no changes to the requirements contained in this Standard. Public sector entities shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted.

## Appendix B

### Mixed Groups

*This Appendix is an integral part of PBE IPSAS 6 (PS)*

#### Introduction

B1. XRB A1 Application of the Accounting Standards Framework (XRB A1) requires a reporting entity, including a group reporting entity, to determine whether it is a for-profit entity or a public benefit entity (PBE). This needs to be determined in order that the reporting entity applies the relevant ~~suite of~~ accounting standards, that is, ~~in the case of Tier 1 and Tier 2 entities,~~ NZ IFRSs for for-profit entities and PBE Standards for ~~PBEs~~ public benefit entities.

...

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- B3. This Appendix addresses the specific case ~~where~~ that a for-profit entity that has applied NZ IFRS in preparing its financial statements is part member of a group ~~that applies applying Tier 1 or Tier 2 PBE Standards~~ is a ~~for-profit entity that has applied NZ IFRSs~~ in preparing its financial statements. In preparing the consolidated financial statements, consideration needs to be given to the extent to which the amounts reported in the financial statements of the for-profit entity need to be adjusted on consolidation. Similar considerations would also need to be given to other situations in which a PBE group includes an entity that has prepared its financial statements on a basis that differs from PBE Standards, such as where a PBE within a PBE group has applied Tier 3 PBE Accounting Requirements or Tier 4 PBE Accounting Requirements. ~~Simple Format Reporting Accounting Standards.~~

## **PBE IAS 34 *Interim Financial Reporting***

Paragraphs 19 and RDR 19.1 are amended and paragraph 49.5 is added. New text is underlined and deleted text is struck through.

### **Disclosure of Compliance**

- \*19. **If an entity's interim financial report is in compliance with PBE IAS 34, that fact shall be disclosed. An interim financial report shall not be described as complying with PBE Standards as ~~they apply to Tier 1 entities~~ unless the financial statements in that report comply with all of the requirements of ~~Tier 1~~ PBE Standards.**

RDR 19.1 **If an entity's interim financial report is in compliance with this Standard as it applies to Tier 2 entities, that fact shall be disclosed. An interim financial report shall not be described as complying with PBE Standards Reduced Disclosure Regime (PBE Standards RDR) as ~~they apply to Tier 2 entities~~ unless the financial statements in that report comply with all of the requirements of ~~Tier 2~~ PBE Standards RDR.**

### **Effective Date**

...

49.5 *Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments*, issued in December 2015, amended paragraphs 19 and RDR 19.1. An entity shall apply those amendments for an entity's interim financial statements where the interim period forms part of an annual accounting period beginning on or after 1 January 2016. Earlier application is permitted.

## **PBE FRS 43 Summary Financial Statements**

Paragraph 38 is amended and paragraph 44.1 is added. New text is underlined and deleted text is struck through.

### **Other Disclosures**

#### **Relationship to Full Financial Statements**

38. **The summary financial statements shall prominently display the following information:**
- (a) ...
  - (c) **Whether the entity's full financial statements have been prepared in accordance with ~~Tier 1~~ PBE Standards or ~~Tier 2~~ PBE Standards RDR;**

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- (d) **Whether the entity has made an explicit and unreserved statement of compliance with PBE Standards or PBE Standards RDR in its full financial statements for each period presented in the summary;**

**Effective Date**

...

44.1 Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments, issued in December 2015, amended paragraph 38. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted.

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

The title of PBE FRS 46 is amended to read *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRSs* on the front page (twice), the Copyright page, the Table of Contents, the Rubric, paragraph 44, the History of Amendments (twice) and the Header.

NZ IFRSs is amended to NZ IFRS in paragraphs 10, 11, 17(a), 20 (twice), 21, 44, BC3, BC4 (twice) and the History of Amendments (twice).

The title of PBE FRS 47 is amended to read *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRSs* in paragraph 5.

Paragraphs 1, 9, 40 and 41 are amended, paragraph 8 is deleted and paragraph 43.1 is added. New text is underlined and deleted text is struck through.

**Objective**

1. The objective of this Standard is to set out the transitional provisions for the first-time application of Public Benefit Entity Standards (PBE Standards) by a Tier 1 or Tier 2 public benefit entity that previously applied ~~complied with standards in the NZ IFRS suites of standards including~~ NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep or NZ IFRS RDR.

...

8. ~~[Deleted]~~In applying this Standard, public benefit entities that are eligible for and elect to apply Tier 2 PBE Standards shall read all references to “PBE Standards” as references to “PBE Standards RDR”.

## Definitions

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

...

NZ IFRS are ~~New Zealand equivalents to International Financial Reporting Standards (including standards and interpretations)~~ Standards and Interpretations issued by the External Reporting Board (XRB) or the New Zealand Accounting Standards Board (~~NZASB~~) of the XRB comprising:

(a) New Zealand equivalents to:

(i) International Financial Reporting Standards;

(ii) International Accounting Standards;

(iii) IFRIC Interpretations; and

(iv) SIC Interpretations; and

(b) Domestic Financial Reporting Standards.

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

...

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

...

Public Benefit Entity Standards (PBE Standards) are standards issued by the External Reporting Board (XRB) or the New Zealand Accounting Standards Board (~~NZASB~~) 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.

...

## Disclosure

40. A first-time adopter shall, in:

(a) Its first set of annual financial statements presented in accordance with PBE Standards or PBE Standards RDR; and

(b) Its first interim financial report for part of the period covered by an entity's first set of annual financial statements presented in accordance with PBE Standards or PBE Standards RDR (if any)

include a statement that the interim or annual financial statements presented are its first set of financial statements presented in accordance with PBE Standards or PBE Standards RDR, as appropriate.

41. An entity's first set of prospective financial statements presented in accordance with 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 in accordance with PBE Standards or PBE Standards RDR, as appropriate.

...

## Effective Date

...

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**43.1 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 paragraphs 1, 9, 40 and 41 and deleted paragraph 8. An entity shall apply those amendments for its first set of 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.**

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

The title of PBE FRS 47 is amended to read *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRSs* as on the front page (twice), the Copyright page, the Table of Contents, the Rubric, paragraph 43, paragraph BC4, the History of Amendments (twice) and the Header.

NZ IFRSs is amended to NZ IFRS in paragraphs BC5, BC6 and BC8.

The title of PBE FRS 46 is amended to read *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRSs* in paragraph BC4.

Paragraph 6 is renumbered as paragraph 5 and amended, paragraph 5 is renumbered as paragraph 6 and amended, a new heading is added before paragraph 4, paragraphs 3, 4, 7, 9 and 30 are amended, paragraph 8 is deleted, a heading and paragraphs RDR 8.1–RDR 8.6 are added and paragraphs 5.1, 6.1, 29.1, RDR 29.2, 29.3, RDR 29.4, RDR 30.1 and 42.2 are added. New text is underlined and deleted text is struck through. Paragraph 29 is shown for context.

#### **Scope**

#### **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 that has not previously applied standards in the NZ IFRS suites of standards including NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep or NZ IFRS RDR in the immediately preceding period shall apply this PBE Standard in:**
  - (a) **Its first set of financial statements under PBE Standards;**

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- (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.**
56. ~~An~~ Tier 1 entity's first set of financial statements under PBE Standards ~~is~~ are 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.
65. Notwithstanding the requirements in paragraph 4, ~~An~~ Tier 1 entity that has previously applied PBE Standards in a previous period, but not in its most recent previous 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.
- ~~(a) This Standard; and~~
  - ~~(b) PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* to the extent that PBE IPSAS 3 does not conflict with this Standard.~~
- ~~The requirement to apply both these Standards may limit the ability of the entity to apply some of the concessions available in this Standard.~~
- 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 ~~an~~ 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]In applying this Standard, public benefit entities that are eligible for and elect to apply Tier 2 PBE Standards shall read all references to "PBE Standards" as references to "PBE Standards RDR".~~

**Tier 2 Entities**

**RDR 8.1 Subject to paragraph RDR 8.3, a Tier 2 entity that has not previously applied NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep or NZ IFRS RDR in the immediately preceding period shall apply this PBE Standard in:**

- (a) Its first set of financial statements under PBE Standards RDR;**
- (b) Each interim financial report, if any, that it presents in accordance with PBE IAS 34 *Interim Financial Reporting* for part of the period covered by its first set of financial statements under PBE Standards RDR; and**
- (c) Its first set of prospective financial statements presented in accordance with PBE FRS 42 *Prospective Financial Statements* where an entity presents such statements prior to presenting its first set of financial statements under PBE Standards RDR.**

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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 paragraph RDR 8.1, 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:

...

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

...

~~NZ IFRSs are New Zealand equivalents to International Financial Reporting Standards (including standards and interpretations)~~ Standards and Interpretations issued by the External Reporting Board (XRB) or the New Zealand Accounting Standards Board (NZASB) of the XRB comprising:

- (a) New Zealand equivalents to:
  - (i) International Financial Reporting Standards;
  - (ii) International Accounting Standards;
  - (iii) IFRIC Interpretations; and
  - (iv) SIC Interpretations; and
- (b) Domestic Financial Reporting Standards.

...

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

...

~~Old GAAP are 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,~~

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~~and comprises Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs).~~

...

PBE Standards RDR comprises PBE Standards with disclosure concessions for Tier 2 public benefit entities.

...

Public Benefit Entity Standards (PBE Standards) are standards issued by the External Reporting Board (XRB) or the New Zealand Accounting Standards Board (~~NZASB~~) 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.

...

## Presentation and Disclosure

...

### 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



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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 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.

...

## Effective Date

42. ...

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.

## Part D: Effective date

This Standard is effective for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted.