

PUBLIC BENEFIT ENTITY SIMPLE FORMAT REPORTING – CASH (NOT-FOR-PROFIT) (PBE SFR-C (NFP))

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This Standard was issued by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013. It is a non-GAAP Standard for the purposes of section 12 and section 18 of that Act.

This Standard applies for the purposes of the following enactments:

- Section 42A of the Charities Act 2005;
- Section 63 of the Friendly Societies and Credit Unions Act 1982;
- Section 276A of the Te Ture Whenua Maori Act 1993; and
- Section 12 of the Agricultural and Pastoral Societies Act 1908.

This Standard is a disallowable instrument for the purposes of the Legislation Act 2012.

PUBLIC BENEFIT ENTITY SIMPLE FORMAT REPORTING – CASH (NOT-FOR-PROFIT)

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**PUBLIC BENEFIT ENTITY SIMPLE FORMAT REPORTING – CASH
(NOT-FOR-PROFIT)**

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Public Benefit Entity Simple Format Reporting – Cash (Not-For-Profit) (PBE SFR-C (NFP)) is set out in paragraphs 1–5 and Appendices A and B. All the paragraphs in the Standard and the Appendices have equal authority. PBE SFR-C (NFP) should be read in the context of its objective, the Basis for Conclusions and Standard XRB A1 Accounting Standards Framework (FP Entities + PS PBEs + NFPs Update).

Objective

1. The objective of this Standard is to facilitate financial reporting by not-for-profit public benefit entities (PBEs) that are eligible for and elect to apply the Tier 4 PBE Accounting Standard for not-for-profit entities, by improving the quality and consistency of the information disclosed in Tier 4 financial reports, and to facilitate comparability between entities, and between years for the reporting entity.

Scope

2. This Standard applies to not-for-profit public benefit entities that are eligible for, and elect to apply, the Tier 4 PBE Accounting Standard. *XRB A1 Accounting Standards Framework (FP Entities + PS PBEs + NFPs Update)* prescribes the criteria that those entities must meet to be eligible to apply this Standard.

Standard

3. Not-for-profit public benefit entities that are eligible for, and elect to apply, the Tier 4 PBE Accounting Standard shall prepare a performance report in accordance with the requirements set out in Appendix A and the transitional provisions in Appendix B.
4. Accompanying this Standard is an explanatory guide containing an optional template and associated guidance notes that illustrate the requirements of this Standard (*Explanatory Guide A6 Optional Template and Associated Guidance Notes for Applying Public Benefit Entity Simple Format Reporting – Cash (Not-For-Profit)*). It is not mandatory to apply the template or guidance notes and they have no legal status. However, when an entity applies the template in the specific circumstances of the entity, the performance report will comply with this Standard.

Effective Date

5. A not-for-profit public benefit entity that is eligible to apply this Standard, and elects to do so, shall apply this Standard for periods beginning on or after 1 April 2015. Earlier application is permitted.

Appendix A: Specific Requirements

This Appendix contains the requirements for Public Benefit Entity Simple Format Reporting – Cash (Not-For-Profit). It is an integral part of the Standard.

Section 1: Introduction

- A1. This part of the Standard¹ sets out the requirements for the preparation of a simple format report known as the “Performance Report” by Tier 4 not-for-profit public benefit entities. The Standard may be applied by eligible not-for-profit public benefit entities (PBEs) that elect to apply this Standard in accordance with the requirements of XRB A1 *Accounting Standards Framework (FP Entities + PS PBEs + NFPs Update)*.
- A2. This Standard comprises a number of sections (as shown in the Table of Contents). These refer to specific aspects of reporting. Within each section information is presented in numbered paragraphs to enable cross-referencing within this Standard.
- A3. Terms are defined in the Glossary in section 9 to assist with the understanding of this Standard.

¹ This Appendix is part of the Standard and so the term “Standard” is used throughout. “Standard” refers to Public Benefit Entity Simple Format Reporting – Cash (Not-For-Profit) abbreviated as PBE SFR-C (NFP).

Section 2: Objective of Reporting and Overview of Reporting Requirements

Users and Their Needs

- A4. The performance report for a not-for-profit PBE is designed for those users who cannot require the entity to disclose the information needed for accountability and decision making. Most users fall into two groups:
- (a) Providers of resources to the entity; and
 - (b) Recipients of services from the entity.
- A5. Examples of these users are:
- (a) Donors, who contribute to a shelter for the homeless which relies on grants and donations from the community (resource providers); and
 - (b) Service recipients who benefit from the meals and short term accommodation provided at the shelter.

Objective of Reporting

- A6. An entity should prepare a performance report that addresses the following questions:
- (a) “Who are we?” – an overview of the entity;
 - (b) “Why do we exist?” – why the entity was established and what it seeks to achieve (outcomes);
 - (c) “What did we do?” – what the entity did during the year in providing goods or services (outputs);
 - (d) “What did it cost?” – how much was paid to provide goods or services, and to run the entity;
 - (e) “How was it funded?” – the sources of cash used to pay for its activities in providing goods or services;
 - (f) “When did we do it?” – the period covered by the report, and a comparison of information with previous reporting periods;
 - (g) “How did we do our accounting?” – the accounting policies applied; and
 - (h) “What do we need to do to continue?” – the ability of the entity to continue achieving its objectives and operate in the foreseeable future. This question can be answered by looking at the performance report as a whole.
- A7. The performance report is usually prepared for a financial year (which ends on its “balance date”). The performance report shall identify and reflect the period to which it refers, and contain only those receipts and payments that occurred in this period. It may be prepared for a part year, but this is unusual and occurs only when the entity is formed or ceases to exist during a year, or changes its balance date.

Required Components of the Performance Report

- A8. An entity shall prepare a performance report every financial year with, at a minimum, the following components:
- (a) Entity information which explains what the entity is and why it exists (section 3);
 - (b) A statement of service performance which explains what the entity did (section 4);
 - (c) A statement of receipts and payments showing the cash received and paid by the entity over the year so the net cash surplus or deficit can be calculated for that financial year (section 5);
 - (d) A statement of resources and commitments showing what the entity owns and what the entity owes at a particular balance date (section 6); and
 - (e) Notes to the performance report explaining some of the amounts shown in the statement of receipts and payments and the statement of resources and commitments, as well as explaining relevant events affecting the financial year (section 7);

Presentation of the Entity’s Performance

- A9. The performance report shall present the entity’s service performance, receipts and payments over the financial year, and its resources and commitments at balance date, in accordance with this Standard.

- A10. Where the requirements of this Standard have been followed but more information about particular events during the year is needed in order to give users a full picture of what happened, additional relevant information shall be provided.
- A11. Timeliness of reporting is important. The performance report should be provided as soon as possible following the end of the financial year so that the information is useful and relatively current. For some not-for-profit PBEs, legislation² defines the period by which the annual performance report must be completed.
- A12. It is important that the performance report is internally consistent. This is done by cross-referencing each line of a statement to any other information that relates to that line item in the rest of the performance report. It is also important that any non-financial information, for example, information included within the statement of service performance, is consistent with financial information included elsewhere in the performance report.

General Information

- A13. Each component in the performance report specified in paragraph A8 shall be clearly identified.
- A14. An entity's performance report shall incorporate all the activities of the entity. The performance report shall include all branches or other operating units, if the entity is structured into more than one unit. This is done by collating information from all the branches or operating units and excluding all transactions between those units. Identifying the branches or other operating units within the entity is relatively straight forward where the entity has legal form. For unincorporated entities, the entity will need to look at factors such as whether those branches or other operating units are acting as part of the entity, for example, by using the entity's registration number on the Charities Register.
- A15. The following information shall be displayed prominently, and repeated at the top of each page of the performance report:
- (a) The name of the entity that is preparing the performance report;
 - (b) The date of the end of the financial year covered by the performance report, or the period to which the performance report applies, as appropriate; and
 - (c) The level of rounding used in the presentation of the performance report (as a general rule whole dollars – rather than dollars and cents – should always be used; rounding to the nearest hundred may be appropriate for larger entities).

Comparative Information

- A16. Although the performance report focuses on this year's information, comparative information for the previous year shall be included in the statement of service performance, statement of receipts and payments, statement of resources and commitments, and any associated notes to the performance report unless this Standard specifically allows otherwise. Comparative information shall also be provided for the disclosures about related parties in the notes to the performance report. The performance report may contain further comparative information where it is considered useful for users of the report.
- A17. An entity may, but is not required to, report budgets or plans alongside its actual results as further comparative information.

Consistency of Presentation

- A18. An entity may prepare its performance report on either a GST-inclusive or a GST-exclusive basis, provided that GST is reported in a consistent way throughout the performance report.
- A19. All amounts shall be presented in New Zealand dollars. If the entity has transactions, resources or commitments that are not in New Zealand dollars, it shall translate those to New Zealand dollars as follows:
- (a) Transactions are translated using the exchange rate on the date of the receipt or payment in New Zealand dollars; and
 - (b) Monetary resources and commitments are translated using the exchange rate at the balance date.

² The Charities Act 2005 requires that the financial statements must accompany the annual return that must be filed within 6 months of the end of the financial year.

- A20. An entity shall not change the way the information is presented or the categories of disclosure from one period to the next unless:
- (a) There has been a significant change in the entity's operations; or
 - (b) This Standard requires that the presentation or a category of disclosure is changed.
- A21. Any changes to presentation or categories of disclosure due to the application of paragraph A20 also require similar changes to the comparative amounts, unless it is impracticable to do so.

No Offsetting of Amounts

- A22. Users of the performance report should be given as much relevant information as possible about the entity. Therefore, cash received and cash paid (even if for a similar purpose) shall not be netted off against each other. An example where gross reporting is required is a school which runs a fair, and raises money to contribute to a local fund to buy a new ambulance for the area. The cash payments associated with running the fair are reported separately from the cash receipts related to the fair. However, the entity may show the cash receipts, cash payments and net cash resulting from the fair in the notes to the performance report if it considers that this provides useful information.

Correction of Errors

- A23. Significant errors shall be corrected as soon as practicable. Errors arising during the reporting period shall be corrected before the performance report is finalised. Errors relating to past periods shall be corrected in the current performance report before the report is finalised. No adjustments to past periods are required (see paragraph A108).

Section 3: Entity Information

Purpose and Value to Users

A24. The purpose of the entity information is to summarise for users what the entity does and how it is organised. This information will assist users in their understanding of the entity and help particularly with their interpretation of the performance report.

Required Information

A25. The entity information shall provide general descriptive information about the entity and its activities. This information shall comprise:

- (a) The entity's name, type of entity and legal basis (if any);
- (b) The entity's purpose or mission³ (the key difference the entity is trying to make);
- (c) A description of the structure of the entity's operations (including governance arrangements);
- (d) The main sources of the entity's cash and resources;
- (e) The main methods used by the entity to raise funds;
- (f) The entity's reliance on volunteers and donated goods or services; and
- (g) Any additional information that is considered essential to users' overall understanding of the entity.

A26. The amount of detail will depend on the size of the entity and the complexity of its operations.

³ Also called vision, strategic goals, or outcome goals.

Section 4: Statement of Service Performance

Purpose and Value to Users

A27. The purpose of the statement of service performance is to provide mainly non-financial information to help users understand what the entity did during the financial year.

Required Information

A28. Service performance reporting is based around two elements:

- (a) Outcomes: what the entity is seeking to achieve in terms of its impact on society; and
- (b) Outputs: the goods or services that the entity delivered during the year.

A29. The statement of service performance shall report the entity's outputs, but may also report the outcomes the entity is seeking to influence (see paragraph A32(a)).

A30. In reporting the entity's outputs, the statement of service performance shall describe, and quantify to the extent practicable, the outputs (goods or services) the entity has delivered for the current year.

A31. The statement of service performance need include only the outputs that are significant to the performance of the entity. It is not expected to include a detailed account of everything the entity does.

Optional Information

A32. An entity may wish to report additional information such as:

- (a) A description of the outcome(s) that the entity is seeking to achieve or influence through the delivery of its goods or services. The outcomes are likely to be closely related to the mission/purpose reported in the entity information section of the performance report. The main difference is that the mission/purpose is usually stated in broad or general terms and applies over the life of the entity. By contrast, the description of the outcomes in the statement of service performance should be more specific and focused on what the entity is seeking to achieve over the short to medium term.
- (b) Additional output measures:
 - (i) Appropriate quality measures of goods or services delivered;
 - (ii) A measure of the timeliness of delivery of the entity's goods or services if this is important to the recipient;
 - (iii) An allocation of receipts and payments related to each category of the entity's outputs; and
 - (iv) A quantification of the contributions from volunteers in terms of hours or full-time staff equivalents (this figure may be estimated, and shall be noted as such if this is the case).
- (c) Comments on those factors which affect the achievement of the outcomes. This might include the relationships between volunteers and employees, decisions to broaden or narrow the delivery of services, or the impact of factors external to the entity – such as economic, legal and geographical factors;
- (d) The entity's plans for the financial year being reported on, and an explanation of actual performance achieved against the plans set by the entity; and
- (e) Any additional information that is considered to be relevant to users' understanding of the entity's outcome goals or delivery of goods or services.

A33. The way in which the statement of service performance is presented can enhance users' understanding of the entity. Sometimes a pictorial representation of the entity's achievements during the financial year presents the story more clearly than words or figures only.

Section 5: Statement of Receipts and Payments

Purpose and Value to Users

A34. The purpose of the statement of receipts and payments is to report all the cash received by, and all the cash paid out by, the entity during the financial year. The statement provides users with information about the entity's financial performance, including its receipts, payments and the resulting cash surplus or deficit generated during the financial year.

Format of Statement of Receipts and Payments

Required Information

A35. The statement of receipts and payments shall be presented as follows:

Operating receipts (by category)	XX
Less operating payments (by category)	XX
Operating surplus or (deficit)	XX
Add capital receipts (by category)	XX
Less capital payments (by category)	XX
Increase or (decrease) in cash	XX
Plus bank accounts and cash at the beginning of the financial year	XX
Total bank accounts and cash at the end of the financial year	XX
Represented by:	
Bank account(s)	XX
Term deposit(s)	XX
Cash on hand (includes petty cash)	XX
Total bank accounts and cash at the end of the financial year	XX

A36. If the entity pays income tax, this shall be shown as a separate line item after operating surplus or deficit, followed by a subtotal called operating surplus or deficit after tax.

A37. Entities need include only applicable line items. A line item is not required if the entity does not have any entries for that line item.

Optional Information

A38. Additional line items, headings and subtotals may be presented in the statement of receipts and payments when this will help users to understand the entity's financial performance.

Receipts

A39. Receipts comprise all money received during the financial year. This includes notes and coins, cheques and other funds deposited into the entity's bank accounts.

A40. Receipts can come from various sources, for example, public donations, grants from philanthropic trusts, donations and fees from members, funding for the provision of goods or services (including government contracts) and sales of goods or services (including trading receipts from commercial activities).

A41. Receipts can also vary in their nature. Most receipts will relate to the normal operating activities of the entity (for example, receipts from a fundraising event). However, some receipts might result from transactions of a capital nature (for example, receipts from the sale of a computer or from borrowings). In order to provide useful information to users, receipts are therefore categorised either as operating receipts or capital receipts.

Required Information

A42. Receipts shall be recorded on the receipt of cash, either in a bank account or as physical money received by the entity. For example, a donation shall be recorded on the date it is received, even if it is banked on

a later date. Where cash received relates to a future period, relevant disclosures shall be included in the statement of resources and commitments (see example 5 in section 8).

- A43. Transfers of principal amounts between the bank accounts of the entity, or from the maturity of term deposits, shall not be recorded as receipts as they involve only the movement of cash within the entity, not the generation of a receipt. However, any interest received shall be recorded as a receipt.
- A44. In order to make information understandable to users, receipts shall be aggregated and presented separately in categories. As a **minimum**, the following aggregated categories shall be reported separately:

Operating receipts:

- (a) Donations, fundraising and other similar receipts;
- (b) Fees, subscriptions and other receipts from members;
- (c) Receipts from providing goods or services; and
- (d) Interest, dividends and other investment income receipts.

Capital receipts:

- (e) Receipts from the sale of resources; and
- (f) Receipts from borrowings.

- A45. Category (a) above includes grants and donations/koha received from the public and various other organisations, for example, central or local government, charitable trusts, foundations and other philanthropic agencies. It also includes any receipts from fundraising activities. Grants received from the government or other agencies that are in substance a contract for the delivery of goods or services would be included in category (c) above, any receipts from members, including donations, would be included in category (b).
- A46. Category (e) above (the sale of resources) includes the sale of physical assets, and the sale of any investments such as shares or bonds.
- A47. Entities need report only the minimum categories specified in paragraph A44 separately when the category is applicable and significant to the entity.
- A48. The minimum categories may be described using terminology appropriate for the entity and need not use the titles used in paragraph A44, provided that the separate categories are still maintained.
- A49. If there is difficulty in determining the category that should be used for a particular transaction, the entity shall make its best estimate of the appropriate classification. This classification shall then be used consistently in future periods so that the information reported is comparable over time.

Optional Information

- A50. The minimum categories specified in paragraph A44 may be disaggregated, or additional categories may be presented, in the statement of receipts and payments when such presentation will enhance the user's understanding of the entity's financial performance. Possible disaggregated or additional categories are listed below.

Operating receipts:

- (a) Donations or koha from the public;
- (b) Fundraising receipts;
- (c) Grants not directly related to service delivery;
- (d) Fees and subscriptions from members;
- (e) Donations, koha or offerings from members;
- (f) Receipts from grants or contracts for service with central or local government;
- (g) Receipts from grants or contracts for service with non-governmental agencies;
- (h) Receipts from sales to the public;

- (i) Receipts from sales to members;
- (j) Receipts from commercial activities;
- (k) Lease or rental receipts;
- (l) Interest and dividend income receipts; and
- (m) Other operating receipts.

- A51. Disaggregated or additional categories should be used only where doing so is necessary to provide users with an understanding of the main sources of receipts by the entity. Too many categories can make it difficult for users to understand the overall picture. The number of disaggregated or additional categories used should therefore be limited to those that are really necessary.
- A52. Breakdowns of the minimum categories, or the disaggregated or additional categories, may be provided in the notes to the performance report. For example, fundraising from the public may be further disaggregated by fundraising campaign or type, such as by street collection, postal appeal, raffles or charity auction. The entity may also elect to include in the notes to the performance report a list of donors and grant providers, together with a summary of their contributions, if this is considered useful information. The objective is to provide a breakdown that gives the most useful information to users of the performance report.

Payments

- A53. Payments comprise all money paid during the financial year by cash, cheque, bank transfer or other method.
- A54. Payments can be either operating payments (relating to day-to-day activities) or capital payments (relating to the purchase of resources or the repayment of borrowings).

Required Information

- A55. Payments shall be recorded on the date that the payment is made. For example, a payment shall be recorded when a cheque is passed to the recipient (such as by posting), rather than the later date when the cheque is presented and the money withdrawn from the bank account.
- A56. Transfers of principal amounts from one bank account to another, or for investment in term deposits, shall not be recorded as payments as they involve only the movement of cash not the disbursement of cash.
- A57. In order to make information understandable to users, payments shall be aggregated and presented in categories. As a **minimum**, the following aggregated categories shall be reported separately:

Operating payments:

- (a) Payments related to public fundraising;
- (b) Volunteer and employee related payments;
- (c) Payments related to providing goods or services; and
- (d) Grants and donations paid.

Capital Payments:

- (e) Purchase of resources; and
- (f) Repayment of borrowings.

- A58. Category (e) above (the purchase of resources) includes the purchase of physical assets, and the purchase of any investments such as shares or bonds.
- A59. Entities need report only the minimum categories specified in paragraph A57 separately when the category is applicable and significant to the entity.
- A60. The minimum categories may be described using terminology appropriate for the entity and need not use the titles used in paragraph A57, provided that the separate categories are still maintained.

- A61. If there is difficulty in determining the category that should be used for a particular transaction, the entity shall make its best estimate of the appropriate classification. This classification shall then be used consistently in future periods so that the information reported is comparable over time.
- A62. Reimbursements for expenses incurred by employees on behalf of the entity (for example, reimbursing an airfare for an employee) shall not be classified as employee payments but in the appropriate category of payments (for example, payments relating to providing goods or services if that was the reason the travel took place).

Optional Information

- A63. The minimum categories specified in paragraph A57 may be disaggregated, or additional categories may be presented, in the statement of receipts and payments when such presentation will enhance users' understanding of the entity's financial performance. Possible disaggregated or additional categories are listed below:

Operating payments:

- (a) Administration and overhead payments;
 - (b) Lease and rental payments;
 - (c) Affiliation fees;
 - (d) Interest payments; and
 - (e) Other operating payments.
- A64. Disaggregated or additional categories should be used only where doing so is necessary to provide users with an understanding of the main payment types of the entity. Too many categories can make it difficult for users to understand the overall picture. The number of disaggregated or additional categories used should therefore be limited to those that are really necessary.
- A65. Breakdowns of the minimum categories, or the disaggregated or additional categories, may be provided in the notes to the performance report. For example, employee related payments could be disaggregated into salaries and wages, and other costs relating to employees, including superannuation contributions (for example, Kiwisaver) and ACC levies. The objective is to provide a breakdown that gives the most useful information to users of the performance report.

Bank Accounts and Cash

- A66. Bank accounts and cash comprises petty cash, any other cash on hand at balance date, cheque accounts, deposits held at call with banks and other financial institutions, bank overdrafts and term deposits.

Required Information

- A67. Bank accounts and cash shall be recorded at the amount actually held. However, bank account balances shall be adjusted to reflect amounts deposited but not yet shown on the bank statement, or cheques that have been issued but not yet presented to the bank (commonly referred to as unrepresented cheques).
- A68. As a **minimum**, the following aggregated categories shall be separately reported:
- (a) Bank accounts;
 - (b) Term deposits; and
 - (c) Cash on hand.
- A69. Entities need report only these minimum categories separately when the category is applicable and significant to the entity.

Other Information

Required Information

- A70. The statement of receipts and payments shall include any additional information that is considered necessary for users to understand the financial performance of the entity.

Optional Information

- A71. An entity may include the entity's budgets or plans for the current financial year if they are available.

Section 6: Statement of Resources and Commitments

Purpose and Value to Users

A72. The purpose of the statement of resources and commitments is to provide a snapshot of the significant resources available to the entity (what the entity owns and what is owed to it) at the balance date, and the significant commitments existing at balance date that will need to be met through the use of existing and future resources. The statement provides users with information about the financial sustainability of the entity, including the current resources that can be used to operate the entity in the future, and the commitments that will have to be met in the future from cash balances.

Format of the Statement of Resources and Commitments

Required Information

A73. The statement of resources and commitments shall comprise:

- (a) A Schedule of Resources;
- (b) A Schedule of Commitments; and
- (c) A Schedule of Other Information.

A74. The schedules that make up the statement of resources and commitments shall comprise lists of aggregated items. The schedules are not required to be added up or to balance with each other.

Schedule of Resources

A75. Resources comprise items owned by the entity and available for the entity to use in the future (commonly referred to as assets). They may have been purchased or donated. They can take the form of bank accounts and cash, money owing to the entity, or physical assets such as buildings or computers.

Required Information

A76. In order to make information understandable to users, resources shall be aggregated and presented in categories. As a **minimum**, the following aggregated categories shall be separately reported:

- (a) Bank accounts and cash;
- (b) Money held on behalf of others;
- (c) Money owed to the entity; and
- (d) Other resources.

A77. Entities need report only the minimum categories specified in paragraph A76 separately when the category is applicable and significant to the entity.

A78. The minimum categories may be described using terminology appropriate for the entity and need not use the titles used in paragraph A76, provided that the separate categories are still maintained.

A79. If there is difficulty in determining the category that should be used for a particular balance, the entity shall make its best estimate of the appropriate classification. This classification shall then be used consistently in future periods so that the information reported is comparable over time.

Bank Accounts and Cash

A80. This category shall comprise the total cash at the end of the financial year as disclosed in the statement of receipts and payments (see paragraph A35).

Money Held on Behalf of Others

A81. If an entity is holding any cash on behalf of others it shall be reported separately.

Money Owed to the Entity

A82. This category shall comprise amounts owed to the entity by third parties. The nature and amount of the money owed to the entity shall also be described (for example, invoices issued for which money has not yet been received).

Other Resources

- A83. This category shall comprise the non-cash resources owned by the entity and available to use in the future.
- A84. For each significant purchased resource, the entity shall report (either in the schedule of resources or in the notes to the performance report) either the cost or current value of the resource. This requirement applies only where the cost is available or it is practicable to obtain a current value - for example, using the latest rates valuation as a current value for land and buildings. Where a current value is reported the source and date of that value shall be disclosed.
- A85. For each significant donated resource, the entity shall report (either in the schedule of resources or in the notes to the performance report) a current value, where such a value can be practicably obtained. Where a current value is reported the source of that value shall be disclosed.

Optional Information

- A86. The minimum categories specified in paragraph A76 may be disaggregated, or additional categories may be presented, in the schedule of resources when such presentation will enhance the user's understanding of the entity's financial position. Possible disaggregated or additional categories are listed below:

Money Owed to the Entity:

- (a) Grants to the entity that have been approved by the grantor, but not yet received;
- (b) Subscriptions owed by members;
- (c) Receipts due as a result of providing goods or services;
- (d) Interest or dividends receivable; and
- (e) GST receivable (if the entity is registered for GST and a refund is due from Inland Revenue).

Other Resources:

- (a) Land and buildings;
 - (b) Motor vehicles;
 - (c) Computers (including software);
 - (d) Furniture and fittings;
 - (e) Office equipment;
 - (f) Investments (including shares);
 - (g) Inventory on hand (goods held for sale or distribution);
 - (h) Other resources used in the entity's activities; and
 - (i) Resources held on behalf of others.
- A87. Disaggregated or additional categories should be used only where doing so is necessary to provide users with an understanding of the main resources of the entity. Too many categories can make it difficult for users to understand the overall picture. The number of disaggregated or additional categories used should therefore be limited to those that are really necessary.
- A88. Breakdowns of the minimum categories or the disaggregated or additional categories may be provided in the notes to the performance report. For example, a more detailed breakdown of physical resources. The objective is to provide a breakdown that gives the most useful information to users of the performance report.

Schedule of Commitments

- A89. Commitments comprise amounts owed by the entity (commonly referred to as liabilities) and legal obligations to make payments at a future date.

Required Information

A90. In order to make information understandable to users, resources shall be aggregated and presented in categories. As a **minimum**, the following aggregated categories shall be separately reported:

- (a) Money payable by the entity;
- (b) Other commitments; and
- (c) Guarantees.

A91. Entities need report only the minimum categories specified in paragraph A90 separately when the category is applicable and significant to the entity.

A92. The minimum categories may be described using terminology appropriate for the entity and need not use the titles used in paragraph A90, provided that the separate categories are still maintained.

A93. If there is difficulty in determining the category that should be used for a particular transaction, the entity shall make its best estimate of the appropriate classification. This classification shall then be used consistently in future periods so that the information reported is comparable over time.

Money Payable by the Entity

A94. This category shall comprise the money owed by the entity to third parties. The reason that the money is owed and the amounts to be paid shall also be described (for example, unpaid invoices).

Other Commitments

A95. This category shall comprise any significant contractual commitments (both operating and capital). The nature of the commitment and the amounts to be paid shall also be described. For example, where the entity leases an office, the entity shall disclose the total amount of the lease payments payable until the lease ends, and the date the lease ends.

A96. This category shall also include any amounts received that relate to activities to be undertaken in a future period and which would need to be repaid should those activities not occur.

Guarantees

A97. This category shall comprise any contractual guarantees given by the entity. In relation to each guarantee the following shall be reported:

- (a) The nature of the guarantee;
- (b) The reason why the guarantee was provided; and
- (c) The maximum amount that could be paid under the guarantee.

Optional Information

A98. The minimum categories specified in paragraph A90 may be disaggregated, or additional categories may be presented, in the schedule of commitments when such presentation enhances the user's understanding of the entity's financial position. Possible disaggregated or additional categories are listed below:

Money Payable by the Entity:

- (a) Unpaid invoices (whether paid by cash or electronically such as through direct debit) relating to the provision of goods or services (for example, rent payable, rates payable and utilities accounts payable, such as, telephone, electricity and gas);
- (b) Unpaid invoices (whether paid by cash or electronically) relating to capital activities;
- (c) Wages and salaries due and payable, including bonuses and honoraria;
- (d) Cash owing to third parties relating to employees (for example, ACC levies, PAYE, and superannuation contributions such as Kiwisaver);
- (e) GST payable (if the entity is registered for GST and GST is payable to Inland Revenue);
- (f) Interest payable;
- (g) Loans payable; and

- (h) Grants payable by the entity that have been approved, but not yet paid.

Other commitments:

- (a) Commitments to make future payments under a lease;
- (b) Commitments to purchase property, plant and equipment;
- (c) Loans or grants the entity is legally committed to making; and
- (d) Cash received that relates to activities to be undertaken in a future period.

A99. Disaggregated or additional categories should be used only where doing so is necessary to provide users with an understanding of the main commitments of the entity. Too many categories can make it difficult for users to understand the overall picture. The number of disaggregated or additional categories used should therefore be limited to those that are really necessary.

A100. Breakdowns of the minimum categories or the disaggregated or additional categories may be provided in the notes to the performance report. For example, a more detailed breakdown of guarantees. The objective is to provide a breakdown that gives the most useful information to users of the performance report.

Schedule of Other Information

A101. This schedule shall comprise information other than resources and commitments that is essential to understanding the financial position of the entity.

Required Information

A102. If the entity has received a grant or donation with conditions attached, and those conditions have not been fully met at balance date, it shall report information about:

- (a) The amount of the grant or donation, and the amount for which conditions have not been fully met; and
- (b) The purpose and nature of the condition(s), and what portion of the condition(s) has not been met.

A103. If the entity has used any of its resources as security for borrowings, it shall report information about:

- (a) The nature and amount of the borrowing that is secured; and
- (b) The nature and amount of the resource(s) used as security.

Section 7: Notes to the Performance Report

Purpose and Value to Users

A104. The notes to the performance report contain information that expands on the information included in other parts of the performance report as well as providing additional relevant information. This is designed to provide users with a greater understanding of the information reported in the statements of service performance, receipts and payments and resources and commitments.

Required Information

A105. The following matters shall be included in the notes to the performance report.

Basis of Preparation

A106. The notes to the performance report shall disclose that:

- (a) The entity is permitted by law to apply this Standard and has elected to do so; and
- (b) All transactions are reported in the statement of receipts and payments and related notes to the performance report on a cash basis.

Goods and Services Tax (GST)

A107. The notes to the performance report shall disclose:

- (a) Whether the entity is registered for GST ; and
- (b) Whether the performance report is prepared on a GST-inclusive or GST-exclusive basis.

Correction of Errors

A108. The notes to the performance report shall disclose significant errors relating to past periods that have been corrected in the current performance report.

Related Party Transactions

Explanation

A109. A related party transaction is a transfer of money or other resource between the reporting entity and a person or other entity that is closely associated with the reporting entity that has the ability to influence the reporting entity. This includes significant normal business transactions as well as transactions below the market price (including the provision of free goods or services).

A110. Related parties comprise:

- (a) People that have significant influence over the entity (such as officeholders, committee members, or others that are involved in the strategic management of the entity – whether employed or volunteer), and close members of their families; and
- (b) Other entities that have significant influence over the entity.

A111. Related party relationships exist throughout the not-for-profit sector. Disclosure of related party relationships and related party transactions is necessary for accountability purposes, and to enable users to better understand the entity's performance report. This is because:

- (a) Related party relationships can influence the way in which an entity operates with other entities;
- (b) Related party relationships might expose an entity to risks, or provide opportunities, that would not have existed in the absence of the relationship; and
- (c) Related parties may enter into transactions that unrelated parties would not enter into, or may agree to transactions on terms and conditions that differ from those that would normally be available to unrelated parties.

A112. Examples of transactions with a related party that would meet those criteria and therefore would be disclosed are:

- (a) The sale of a significant resource (such as a building) to the spouse of a member of the governing body of the entity;

- (b) The provision of preferential access to services provided by the entity to the child of the president of the entity;
- (c) The provision of finance (including loans, grants and guarantees), for example, a low interest loan to a related party; and
- (d) A member of the governing body providing professional services (e.g. accounting or legal services) to the entity at no cost.

Requirements

A113. An entity shall disclose in the notes to the performance report, transactions with a related party that have occurred during the financial year if:

- (a) The transaction is significant to the entity (individually or in aggregate with similar transactions);
or
- (b) The transaction is either significant or insignificant and is on terms and conditions that are likely to be different from the terms and conditions of transactions in similar circumstances between parties that are not related.

A114. For each transaction disclosed the following shall be reported:

- (a) A description of the related party relationship;
- (b) A description and the amount of any receipt or payment (and the value of free goods or services provided) related to the transaction during the financial year; and
- (c) Any amounts due from or to related parties at balance date.

Events After the Balance Date

A115. Events after the balance date are those significant events, both favourable and unfavourable, that occur between the balance date and the date when the performance report is finalised for approval.

A116. An entity shall report the following for each significant event after balance date:

- (a) The nature of the event;
- (b) An estimate of any associated receipts, payments, resources or commitments; and
- (c) How, if at all, the event is likely to affect the continuing viability of the entity.

A117. An example of an event requiring disclosure is a fire which destroys the premises of a charity a week after balance date. The notes to the performance report would report the fact that the fire occurred, the extent of the damage that resulted, the extent to which the damage is covered by insurance, and the likely impact on the charity's activities in both the short and long term.

Additional Information

A118. The notes to the performance report shall include any additional information that the entity considers necessary for users to understand the overall financial performance and position of the entity.

Section 8: Illustrative Examples

The following are examples of the accounting treatment required in the performance report.

1. Grant with Conditions

A grant of \$1,500 was made by the local council to a food bank (the reporting entity). \$500 was a contribution towards the purchase of a refrigerator for the storage of perishable items, and \$1,000 for buying food for distribution. The agreement requires the grant to be spent as specified or be returned to the local council. At the end of the year the refrigerator had been purchased but only half the food.

Treatment: The reporting entity records:

- (a) In the statement of receipts and payments the entire amount of the grant when received (as an operating receipt: donations, fund raising and other similar receipts).
- (b) In the statement of receipts and payments, the \$500 that has been spent on the refrigerator (as a capital payment); and the \$500 spent on the food (as an operating payment: payments related to providing goods or services).
- (c) In the schedule of resources in the statement of resources and commitments, the refrigerator and its purchase value (cost) (see paragraphs A83 and A84).
- (d) In the schedule of other information in the statement of resources and commitments, the following: the total amount of the grant, the fact that a condition of the grant is that it only be used to purchase a refrigerator and buy food for distribution, and the fact that \$500 of the grant has not yet been spent on food for distribution at year end.

Optional Information: The entity may wish to include information about the grant provider in any list of grant providers and their contributions included in the notes to the performance report (see paragraph A52).

2. Loan Forgiveness

- (a) A government agency lends an entity \$10,000 to enable the entity to buy a van.

Treatment: The loan is recorded in the statement of receipts and payments as a capital receipt on receipt of the funds (see paragraph A44(f)). Future repayments are recorded in the statement of receipts and payments as a capital payment as they are made, and the amount owing at each balance date is recorded in the statement of resources and commitments (see paragraphs A94 and A98).

- (b) After a change in policy, the government agency decides not to require repayment of the loan. There are no conditions attached to this decision.

Treatment: The entity removes the loan from the schedule of commitments in the statement of resources and commitments.

Optional Information: The entity may wish to record in the notes to the performance report the reason it no longer has the loan recorded in its schedule of commitments (see paragraph A118).

3. Volunteer Services

The reporting entity is a charity shop run by volunteers.

Treatment: The entity information section reports that the entity is reliant on time of volunteers, and the donation of goods for sale, for the operation of the charity shop (see paragraph A25(f)).

Optional Information: In its statement of service performance the entity may provide a quantification of the contributions from volunteers in terms of numbers of volunteers, number of volunteer hours or full-time staff equivalents involved in running the shop (see paragraph A32(b)(iv)).

4. Bequests

A client (who is not a related party) of a registered charity advises that she has named the charity as the beneficiary of \$10,000 in her will, and that the money is to be used for a specified purpose.

Treatment: There is no recording of the bequest when the will is made, or upon the death of the benefactor. The cash receipt is recorded in the statement of receipts and payments as an operating receipt

when the cash from the bequest is received. The conditions attached to the bequest are reported in the statement of resources and commitments (once the bequest is received) (see paragraph A102).

Optional Information: In the periods between when the charity is named in the will and the bequest is received, the charity may wish to record in the notes to the performance report the fact that they have been named as a beneficiary (see paragraph A118).

5. Receipts for a future activity

An entity has received ticket monies for a ball it is going to hold in the next financial year as a fundraiser.

Treatment: Ticket monies received are recorded as an operating receipt in the statement of receipts and payments. The entity also reports in the statement of resources and commitments that it has committed to holding a ball as a fundraising activity and that it has received \$1,000 of ticket monies in advance; and these have been recorded as an operating receipt and are held in the entity's bank account. (see paragraphs A42 and A96).

6. Related Parties

Scenario 1

The reporting entity has total operating payments of \$5,000; these payments are all made to the spouse of the chairman for office administration duties of the entity, the payments are made on normal terms and conditions.

Scenario 2

The reporting entity has total operating payments of \$5,000; a few of these payments (\$50) are made to the spouse of the chairman for relieving the office administrator, the payments are made at the same hourly rate as the office administrator receives.

Treatment: In both of the scenarios above the spouse of the chairman is a related party of the entity (see paragraph A110(a)).

In scenario 1 the transactions with the related party whilst on normal terms and conditions are significant to the entity (see paragraph A113(a)) and therefore the entity reports in the notes to the performance report the information set out in paragraph A114(a)–(c).

In scenario 2 the transactions with the related party are not significant to the entity and therefore the entity is not required to report those transactions in the notes to the performance report.

Section 9: Glossary

This Glossary contains terms used in this Standard.

Balance date	The date to which the performance report is prepared. It is usually an end of month date, for example, 31 March 201X.
Capital payment	A payment during the financial year for the repayment of borrowings, or the purchase of a resource with an expected life of greater than twelve months (such as the purchase of a computer by the entity) to be owned or partly owned and used by the entity to support the entity's activities or to provide goods or services. Capital payments do not include payments for operating purposes or payments for resources to be passed to other entities.
Capital receipt	A receipt during the financial year from borrowings or from cash received on the sale of a resource with an expected life of greater than twelve months.
Commitments	Commitments comprise amounts owed by the entity (commonly referred to as liabilities), and legal obligations to make payments at a future date.
Entity	An organisation which may take any of a number of forms, including but not limited to, registered charity, company, incorporated association, unincorporated association or trust. Depending on organisational structure, this may be a legal entity, a unit within a wider organisation, or it may comprise one or more units.
Financial year	A period usually of twelve months ending on the entity's balance date.
Honoraria	Payments made for services provided where no fixed payment would normally be made. Volunteers and employees can receive honoraria.
Not-for-profit public benefit entity (NFP PBE)	A public benefit entity that is not a public sector public benefit entity.
Notes to the performance report	Notes that provide further information on items in the various financial statements, either by a further breakdown of figures or a narrative description.
Operating payment	Any payment, other than a capital payment, made by the entity during the financial year.
Outcomes	What the entity is seeking to achieve in terms of its impact on society.
Outputs	The goods or services that the entity delivered during the year.
Payments	Payments comprise all money paid during the financial year by cash, cheque, bank transfer or other method. Payments can be either operating payments (relating to day-to-day activities) or capital payments (relating to the purchase of resources or the repayment of borrowings).
Performance report	A set of statements which collectively tell the story of the reporting entity over the financial year. This includes the entity information, statement of service performance, statement of receipts and payments, statement of resources and commitments, and notes to the performance report.
Public benefit entity (PBE)	A reporting entity 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.
Receipts	Receipts comprise all money received during the financial year. This includes notes and coins, cheques and other funds deposited into the entity's bank accounts. Most receipts will relate to the normal operating activities of the entity (for example, receipts from a fundraising event). However, some receipts might result from transactions of a capital nature (for example, receipts from the sale of a computer or from borrowings).

Related party	People or entities that have significant influence over the entity, such as officeholders, committee members, or others that are involved in the strategic management of the entity (whether employed or volunteer) and close members of their families.
Reporting entity	An entity preparing a performance report in accordance with this Standard. In the New Zealand reporting environment it is an organisation that is required by law, or elects to apply, standards issued by the External Reporting Board (XRB) or the New Zealand Accounting Standards Board of the XRB. For the purposes of applying this Standard, the entity is a not-for-profit entity.
Significant	An item is significant if disclosure of the particular item, whether financial or non-financial, could influence a user’s understanding of the entity’s overall performance. For the purposes for this Standard, it has the same meaning as material.
Statement of receipts and payments	A summary of all the cash received by, and all the cash paid out by, the entity during the financial year.
Statement of resources and commitments	A summary of the significant resources and commitments explaining the financial position of the entity at balance date.
Statement of service performance	A statement that provides information on outputs delivered by the entity during the financial year and is particularly useful in the not-for-profit sector when the focus is on achieving planned outputs and outcomes, rather than making a profit. The information in this statement is predominantly non-financial, but still involves measurement.

Appendix B: Transitional Arrangements

This Appendix contains the requirements for entities to transition to Public Benefit Entity Simple Format Reporting - Cash (Not-For-Profit). It is an integral part of the Standard.

Objective

- B1. This part of the Standard⁴ is designed to assist an entity in preparing its first performance report under this Standard. This Standard recognises that entities come from divergent reporting backgrounds and prescribes different transitional rules to meet different circumstances.

Transitional Groups

- B2. There are two types of entities applying this standard for the first time:
- (a) Group 1: New Entities – entities that are established in the current financial year; and
 - (b) Group 2: Continuing Entities – entities that have not followed this Standard in the previous reporting period, but have been operating prior to the current financial year. This includes entities that have been applying other accounting standards in the previous financial year, for example, NZ IFRS PBE, Old GAAP or PBE SFR-A (NFP).

Group 1: New Entities

- B3. No comparative figures are required for this group. This overrides any requirement elsewhere in this Standard for comparatives to be reported. New entities shall disclose their date of commencement in the notes to the performance report.

Group 2: Continuing Entities

- B4. These entities shall either:
- (a) Follow this Standard from the start of the current period. In this case comparative information is not required to be provided and this overrides any requirement elsewhere in this Standard for comparatives to be reported. However, the entity shall attach to the performance report its financial statements for the previous period and a list of the accounting policies applied in those financial statements; or
 - (b) Follow this Standard from the start of the previous period by restating the entity's previous financial statements (if any) in accordance with the requirements of this Standard. This means that the current year's figures and the prior year's comparative figures will be provided on the same basis.

⁴ This Appendix is part of the Standard and so the term "Standard" is used throughout. "Standard" refers to the Public Benefit Entity Simple Format Reporting – Cash (Not-For-Profit) abbreviated as PBE SFR-C (NFP)

Basis for Conclusions

BC1. This Basis for Conclusions summarises the NZASB’s considerations in developing the Public Benefit Entity Simple Format Reporting – Cash (Not-For-Profit) Standard (PBE SFR-C (NFP)).

Background

BC2. The Accounting Standards Framework includes four reporting Tiers for not-for-profit entities. PBE SFR-C (NFP) is the non-GAAP Tier 4 Standard and may be applied by entities classified by law as not being “specified not-for-profit entities” (and therefore allowed to use cash accounting) and which elect to do so.

BC3. The XRB Board and the NZASB are aware that some eligible entities may prefer not to apply PBE SFR-C (NFP). Therefore, under XRB A1 *Accounting Standards Framework (FP Entities + PS PBEs + NFPs Update)* an eligible entity may elect not to apply PBE SFR-C (NFP) and instead apply the standard(s) relating to a higher tier.

Objective

BC4. PBE SFR-C (NFP) is intended to improve the quality and consistency of financial reporting by entities eligible to apply PBE SFR-C (NFP).

Approach

BC5. In preparing PBE SFR-C (NFP), the NZASB was cognisant of the fact that some Tier 4 not-for-profit preparers, as well as users of their financial statements, may have limited access to professional accounting expertise. The NZASB was of the view that the standard should be able to be applied by persons who are managing the finances of an entity that is eligible to apply PBE SFR-C (NFP).

BC6. The NZASB decided that PBE SFR-C (NFP) should be a single, short and simple standard written in less technical language than is normally found in accounting standards. As a result, PBE SFR-C (NFP) addresses only those transactions that are commonly undertaken by entities eligible to apply PBE SFR-C (NFP). The NZASB relied heavily on research funded by the then Charities Commission to assist it in identifying which transactions need to be addressed in the Standard. The research identified that Tier 4 not-for-profit entities generally undertook relatively simple transactions.

BC7. PBE SFR-C (NFP) has been prepared on a stand-alone cash basis. It is fundamentally different from the standards based on the accrual basis of accounting. Therefore, there is no ability for an entity to elect to use some of the accounting treatments that are applied by entities in the other Tiers.

Non-Financial Information

BC8. To enhance financial reporting with non-financial information that explains the activities of the entity, PBE SFR-C (NFP) requires:

- (a) Disclosure of information about the entity’s structure and objectives, together with disclosure of the entity’s reliance on donations, including services donated by volunteers; and
- (b) The preparation of a statement of service performance.

BC9. The NZASB is of the view that the reporting of this non-financial information is necessary for users to gain a full understanding of the entity’s performance.

Financial Information

BC10. This Standard establishes minimum aggregated categories for the reporting of financial information. It also allows an entity to add additional categories applicable to that entity and to describe all categories using terminology appropriate to that entity. In doing so, the NZASB was seeking to achieve a balance between comparability and understandability on the one hand, and flexibility for entities to reflect their own circumstances on the other.

Related Parties

BC11. The definition of related party in existing accounting practice includes both people (and close members of their families) and other entities that have significant influence over the entity. The NZASB considered whether to simplify that definition of related party for this Tier. After considering the importance of related party disclosures for accountability purposes, and the risks and opportunities

inherent in these relationships, the NZASB decided to retain in the definition of related party both related people (and close members of their families) and other entities that have significant influence over the entity.

BC12. However, disclosure of related party transactions is required only if the transaction is significant to the entity (individually or in aggregate with similar transactions), or the transaction is on terms and conditions that are likely to be different from the terms and conditions of transactions in similar circumstances between parties that are not related.

Transition

BC13. The NZASB was aware that a wide range of pre-existing accounting policies were applied by entities that are now eligible for, and elect to apply, PBE SFR-C (NFP). The NZASB was also concerned that some of those entities might have difficulty in restating their comparative information as required by PBE SFR-C (NFP). Rather than delay the application of the Standard, PBE SFR-C (NFP) permits entities to either:

- (a) Apply PBE SFR-C (NFP) in the first year without restating the comparative information. Entities taking this option are required to attach their prior period financial statements (including an explanation of the accounting policies applied) rather than having to restate the comparative financial information; or
- (b) Apply PBE SFR-C (NFP) from the start of the previous period by restating the entity's previous financial statements (if any) in accordance with the requirements of PBE SFR-C (NFP).

History of Amendments

Public Benefit Entity Simple Format Reporting – Cash (Not-For-Profit) (PBE SFR-C (NFP)) was issued in December 2013.

This table lists the pronouncements establishing and substantially amending PBE SFR-C (NFP). The table is based on amendments approved as at December 2013.

Pronouncements	Date approved	Early operative date	Effective date (annual financial statements ... on or after ...)
<i>Public Benefit Entity Simple Format Reporting – Cash (Not-For-Profit)</i> (PBE SFR-C (NFP))	December 2013	Early application is permitted.	1 April 2015