2015 OMNIBUS AMENDMENTS TO PBE STANDARDS

This Standard was issued on 30 July 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 27 August 2015.

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 E.

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 the relevant Tier 1 and Tier 2 PBE Standards as a result of changes to International Financial Reporting Standards and International Public Sector Accounting Standards.

ISBN 978-1-927292-78-5

CONTENTS

		page
Part A:	**Introduction**	**4**
Part B:	**Amendments to Align the PBE Standards with NZ IFRSs as a Consequence of the IASB's Annual Improvements to IFRSs**	**5**
Part C:	**Amendments to Align the PBE Standards with IPSASs as a Consequence of the IPSASB's Improvements to IPSASs 2014**	**15**
Part D:	**Editorial Corrections**	**27**
Part E:	**Effective Date**	**28**

Part A

Introduction

This Standard amends the PBE Standards applied by Tier 1 and Tier 2 public benefit entities as follows.

(a) Amendments to align the PBE Standards with NZ IFRSs as a consequence of the IASB's Annual Improvements to IFRSs:

  (i) PBE IPSAS 16 *Investment Property*;

  (ii) PBE IPSAS 20 *Related Party Disclosures*;

  (iii) PBE IFRS 3 *Business Combinations*;

  (iv) PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*; and

  (v) PBE IAS 34 *Interim Financial Reporting*.

(b) Amendments to align the PBE Standards with IPSASs as a consequence of the IPSASB's *Improvements to IPSASs 2014*:

  (i) PBE IPSAS 1 *Presentation of Financial Statements*;

  (ii) PBE IPSAS 17 *Property, Plant and Equipment*;

  (iii) PBE IPSAS 28 *Financial Instruments: Presentation*; and

  (iv) PBE IPSAS 31 *Intangible Assets.*

(c) Editorial corrections.

Scope

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

Part B: Amendments to Align the PBE Standards with NZ IFRSs as a Consequence of the IASB's Annual Improvements to IFRSs

PBE IPSAS 16 *Investment Property*

The heading before paragraph 8 is amended, the heading after paragraph 8 is deleted, paragraph 18.1 is added, a heading is added after paragraph 100 and paragraphs 100.1 and 102.2 are added. Paragraphs 8, 18 and 102.1 have not been amended but are included for context. New text is underlined and deleted text is struck through.

~~Property Interest Held by a Lessee under an Operating Lease~~
Classification of Property as Investment Property or Owner-Occupied Property

8. A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if, and only if, (a) the property would otherwise meet the definition of an investment property, and (b) the lessee uses the fair value model set out in paragraphs 42–64 for the asset recognised. This classification alternative is available on a property-by-property basis. However, once this classification alternative is selected for one such property interest held under an operating lease, all property classified as investment property shall be accounted for using the fair value model. When this classification alternative is selected, any interest so classified is included in the disclosures required by paragraphs 85–89.

~~Investment Property~~

…

18. Judgement is needed to determine whether a property qualifies as investment property. An entity develops criteria so that it can exercise that judgement consistently in accordance with the definition of investment property, and with the related guidance in paragraphs 9–17. Paragraph 86(c) requires an entity to disclose these criteria when classification is difficult.

18.1 Judgement is also needed to determine whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PBE IFRS 3 *Business Combinations*. Reference should be made to PBE IFRS 3 to determine whether it is a business combination. The discussion in paragraphs 9–18 of this Standard relates to whether or not property is owner-occupied property or investment property and not to determining whether or not the acquisition of property is a business combination as defined in PBE IFRS 3. Determining whether a specific transaction meets the definition of a business combination as defined in PBE IFRS 3 and includes an investment property as defined in this Standard requires the separate application of both Standards.

Transitional Provisions

91–100 …

Business Combinations

100.1 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended the heading before paragraph 8, removed the heading after paragraph 8 and added paragraph 18.1. An entity shall apply those amendments prospectively for acquisitions of investment property from the beginning of the first period for which it adopts that amendment. Consequently, accounting for acquisitions of investment property in prior periods shall not be adjusted. However, an entity may choose to apply the amendments to individual acquisitions of investment property that occurred prior to the beginning of the first annual period occurring on or after the effective date if, and only if, information needed to apply the amendments to those earlier transactions is available to the entity.

Effective Date

…

102.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

102.2 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended the heading before paragraph 8, removed the heading after paragraph 8 and added paragraphs 18.1, 100.1, and a heading after paragraph 100. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 102.1. If an entity applies those amendments for an earlier period it shall disclose that fact.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IPSAS 16.

Paragraph BC8 is added. New text is underlined.

2015 Omnibus Amendments to PBE Standards

BC8. In the IASB's *Annual Improvements to IFRSs Cycle 2011-2013* the IASB amended IAS 40 *Investment Property* to clarify the relationship between IFRS 3 *Business Combinations* and IAS 40 when classifying property as investment property or owner-occupied property. The IPSASB did not make an equivalent amendment to IPSAS 16 in its *Improvements to IPSASs 2014* because, at that point, there was no IPSAS equivalent to IFRS 3. The NZASB noted that the IPSASB proposes to develop requirements for public sector combinations and may subsequently consider the IASB's amendment, but considered that the amendment would improve clarity and should be incorporated in PBE IPSAS 16. The NZASB therefore included an equivalent amendment in its *2015 Omnibus Amendments to PBE Standards.*

PBE IPSAS 20 *Related Party Disclosures*

Paragraph 4 is amended and paragraphs 34A, 34.2 and 43.2 are added. The introduction to the definition of related party and paragraph 43.1 have not been amended but are included for context. New text is underlined and deleted text is struck through.

Definitions

4. **The following terms are used in this Standard with the meanings specified:** …

<u>Related party</u> **means parties are considered to be related if one party has the ability to (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control. Related parties include:**

…

(d) **Key management personnel, and close members of the family of key management personnel; ~~and~~**

<u>(e)</u> <u>**Entities, or any member of an economic entity of which such entities are a part, which provide key management personnel services to the reporting entity or to the controlling entity of the reporting entity; and**</u>

<u>(f)</u>~~(e)~~ **Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.**

Disclosure—Key Management Personnel

34. …

<u>34A.</u> <u>**If a public sector entity obtains key management personnel services from another entity (the 'management entity'), the public sector entity shall disclose the amounts paid or payable to the management entity for the provision of key management personnel services. The public sector entity is not required to apply the requirements in paragraphs 34(a) and 34(b) to the compensation paid or payable by the management entity to the management entity's employees or directors.**</u>

34.1 …

<u>34.2</u> <u>**If a not-for-profit entity obtains key management personnel services from another entity (the 'management entity'), the not-for-profit entity shall disclose the amounts paid or payable to the management entity for the provision of key management personnel services. The not-for-profit entity is not required to apply the requirements in paragraphs 34.1(a) and 34.1(b) to the compensation paid or payable by the management entity to the management entity's employees or directors.**</u>

Effective Date

43.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

<u>43.2</u> <u>*2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraph 4, and added paragraphs 34A and 34.2. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 43.1. If an entity applies those amendments for an earlier period it shall disclose that fact.</u>

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IPSAS 20.

Paragraph BC7 is added. New text is underlined.

2015 Omnibus Amendments to PBE Standards

BC7. In the IASB's *Annual Improvements to IFRSs Cycle 2010-2012* the IASB amended IAS 24 to clarify that an entity providing key management personnel services to the reporting entity or to the controlling entity of the reporting entity is a related party of the reporting entity and to require disclosure of amounts incurred in respect of key management personnel services provided by a separate management entity. The IPSASB did not make an equivalent amendment to IPSAS 20 in its *Improvements to IPSASs 2014*. The IPSASB noted that IPSAS 20 is based on an earlier version of IAS 24 and did not consider that the amendments met its criteria for inclusion in an improvements project. The NZASB acknowledged the differences between IAS 24 and IPSAS 20, but considered that the amendment would lead to useful disclosures and should be incorporated in PBE IPSAS 20. The NZASB therefore included an equivalent amendment in its *2015 Omnibus Amendments to PBE Standards.*

PBE IFRS 3 *Business Combinations*

Paragraphs 40 and 58 are amended and paragraph 64.2 is added. Paragraph 64.1 has not been amended but is included for context. New text is underlined and deleted text is struck through.

Contingent Consideration

...

40. The acquirer shall classify an obligation to pay contingent consideration <u>that meets the definition of a financial instrument</u> as a <u>financial</u> liability or as equity on the basis of the definitions of an equity instrument and a financial liability in paragraph 9 of PBE IPSAS 28 *Financial Instruments: Presentation*~~, or other applicable PBE Standards~~. The acquirer shall classify as an asset a right to the return of previously transferred consideration if specified conditions are met. Paragraph 58 provides guidance on the subsequent accounting for contingent consideration.

…

Contingent Consideration

58. Some changes in the fair value of contingent consideration that the acquirer recognises after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date. Such changes are measurement period adjustments in accordance with paragraphs 45–49. However, changes resulting from events after the acquisition date, such as meeting an earnings target, reaching a specified share price or reaching a milestone on a research and development project, are not measurement period adjustments. The acquirer shall account for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

(a) …

(b) <u>Other c</u>~~C~~ontingent consideration ~~classified as an asset or a liability~~ that:

(i) ~~Is a financial instrument and~~ Is within the scope of PBE IPSAS 29 shall be measured at fair value <u>at each reporting date</u>, ~~with any resulting gain or loss recognised either in surplus or deficit or in other comprehensive revenue and expense~~ <u>and changes in fair value shall be recognised in surplus or deficit</u> in accordance with that PBE Standard.

(ii) Is not within the scope of PBE IPSAS 29 shall be ~~accounted for in accordance with PBE IPSAS 19 or other PBE Standards as appropriate.~~ <u>measured at fair value at each reporting date and changes in fair value shall be recognised in surplus or deficit.</u>

Effective Date

…

64.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

<u>64.2</u> <u>*2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraphs 40 and 58. An entity shall apply those amendments prospectively to business combinations for which the acquisition date is on or after 1 January 2016. Earlier application is permitted, subject to paragraph 64.1. An entity may apply those amendments earlier provided that PBE IPSAS 29 and PBE IPSAS 19 (both as amended by *2015 Omnibus Amendments to PBE Standards*) have also been applied. If an entity applies those amendments earlier it shall disclose that fact.</u>

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IFRS 3.

Paragraph BC5 is added. New text is underlined.

2015 Omnibus Amendments to PBE Standards

BC5. In the IASB's *Annual Improvements to IFRSs Cycle 2012-2014* the IASB amended IFRS 3 *Business Combinations* to clarify that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date even if it is a non-financial instrument. There were consequential amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The IPSASB did not make the equivalent amendments in its *Improvements to IPSASs 2014* because, at that point, there was no IPSAS equivalent to IFRS 3. The NZASB noted that the IPSASB proposes to develop requirements for public sector combinations and may subsequently consider the IASB's amendment, but considered that the amendment would improve clarity and should be incorporated in PBE IFRS 3. The NZASB therefore included an equivalent amendment in its *2015 Omnibus Amendments to PBE Standards.*

Consequential amendments to other PBE Standards resulting from the amendments to PBE IFRS 3

PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*

Paragraph 10 is amended and 126.2 is added. The introduction to the definitions of four categories of financial instruments has not been amended but is included for context. New text is underlined.

…

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

…

Definitions of four categories of financial instruments

A financial asset or financial liability at fair value through surplus or deficit is a financial asset or financial liability that meets ~~either~~ any of the following conditions.

(a) **…**

(aa) **It is contingent consideration of an acquirer in a business combination to which PBE IFRS 3 *Business Combinations* applies.**

(b) **…**

Effective Date

…

126.2 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraph 10 as a consequential amendment derived from the amendment to PBE IFRS 3 *Business Combinations*. An entity shall apply that amendment prospectively to business combinations to which the amendment to PBE IFRS 3 applies.

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

Paragraphs 1(h) and 112.2 are added. Deleted text is struck through and new text is underlined.

Scope

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

   (a) …

   …

   (f) **Those arising in relation to income taxes or income tax equivalents; ~~and~~**

   (g) **Those arising from employee benefits, except employee termination benefits that arise as a result of a restructuring, as dealt with in this Standard~~.~~; and**

   (h) **Contingent consideration of an acquirer in a business combination (see PBE IFRS 3 *Business Combinations*).**

Effective Date

…

112.2 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, added paragraph 1(h) as a consequential amendment derived from the amendment to PBE IFRS 3 *Business Combinations*. An entity shall apply that amendment prospectively to business combinations to which the amendment to PBE IFRS 3 applies.

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

Paragraphs 26–29 and their related heading are amended and paragraphs 26A and 44.2 are added. Paragraph 44.1 has not been amended but is included for context. New text is underlined.

Changes to a Plan of Sale or to a Plan of Distribution to Owners

26. If an entity has classified an asset (or disposal group) as held for sale or as held for distribution to owners, but the criteria in paragraphs 7–9 (for held for sale) or in paragraph 12A (for held for distribution to owners) are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale or held for distribution to owners (respectively). In such cases an entity shall follow the guidance in paragraphs 27–29 to account for this change except when paragraph 26A applies.

26A. If an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution to owners, or directly from being held for distribution to owners to being held for sale, then the change in classification is considered a continuation of the original plan of disposal. The entity:

(a) Shall not follow the guidance in paragraphs 27–29 to account for this change. The entity shall apply the classification, presentation and measurement requirements in this Standard that are applicable to the new method of disposal.

(b) Shall measure the non-current asset (or disposal group) by following the requirements in paragraph 15 (if reclassified as held for sale) or 15A (if reclassified as held for distribution to owners) and recognise any reduction or increase in the fair value less costs to sell/costs to distribute of the non-current asset (or disposal group) by following the requirements in paragraphs 20–25.

(c) Shall not change the date of classification in accordance with paragraphs 8 and 12A. This does not preclude an extension of the period required to complete a sale or a distribution to owners if the conditions in paragraph 9 are met.

27. The entity shall measure a non-current asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners (or ceases to be included in a disposal group classified as held for sale or as held for distribution to owners) at the lower of:

(a) Its carrying amount before the asset (or disposal group) was classified as held for sale or as held for distribution to owners, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale or as held for distribution to owners, and

(b) Its recoverable amount at the date of the subsequent decision not to sell or distribute. [footnote omitted]

28. The entity shall include any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale or as held for distribution to owners in surplus or deficit [footnote omitted] from continuing operations in the period in which the criteria in paragraphs 7–9 or 12A, respectively, are no longer met. The entity shall present that adjustment in the same caption in the statement of comprehensive revenue and expense used to present a gain or loss, if any, recognised in accordance with paragraph 37.

29. If an entity removes an individual asset or liability from a disposal group classified as held for sale, the remaining assets and liabilities of the disposal group to be sold shall continue to be measured as a group only if the group meets the criteria in paragraphs 7–9. If an entity removes an individual asset or liability from a disposal group classified as held for distribution to owners, the remaining assets and liabilities of the disposal group to be distributed shall continue to be measured as a group only if the group meets the criteria in paragraph 12A. Otherwise, the remaining non-current assets of the group that individually meet the criteria to be classified as held for sale (or as held for distribution to owners) shall be measured individually at the lower of their carrying amounts and fair values less costs to sell (or costs to distribute) at that date. Any non-current assets that do not meet the criteria for held for sale shall cease to be classified as held for sale in accordance with paragraph 26. Any non-current assets that do not meet the criteria for held for distribution to owners shall cease to be classified as held for distribution to owners in accordance with paragraph 26.

...

Effective Date

...

44.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

44.2 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraphs 26–29 and added paragraph 26A. An entity shall apply those amendments prospectively in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* to changes in a method of disposal that occur in annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 44.1. If an entity applies those amendments for an earlier period it shall disclose that fact.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IFRS 5.

Paragraph BC7 is added. New text is underlined.

2015 Omnibus Amendments to PBE Standards

BC7. In the IASB's *Annual Improvements to IFRSs Cycle 2012-2014* the IASB amended IFRS 5 to clarify that when an entity reclassifies an asset from 'held for sale' to 'held for distribution to owners', or vice versa, the change in classification should be treated as a continuation of the original plan of disposal. It also clarifies that an entity should cease to apply held-for-distribution accounting in the same way as it ceases to apply the held-for-sale accounting when it no longer meets the held-for-sale criteria. The IPSASB did not make the equivalent amendments in its *Improvements to IPSASs 2014* because there was no IPSAS equivalent to IFRS 5. The NZASB considered that the amendment would improve clarity in the PBE Standards and should be incorporated in PBE IFRS 5. The NZASB therefore included equivalent amendments in its *2015 Omnibus Amendments to PBE Standards.*

PBE IAS 34 *Interim Financial Reporting*

Paragraph 16A is amended and paragraph 49.3 is added. Paragraph 49.1 has not been amended but is included for context. Deleted text is struck through and new text is underlined.

Other Disclosures

16A. **In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the following information, ~~as a minimum,~~ in the notes to its interim financial statements~~, it material and if not disclosed~~ or elsewhere in the interim financial report. The following disclosures shall be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time. If users of the financial statements do not have access to the information incorporated by cross-reference on the same terms and at the same time, the interim financial report is incomplete. The information shall normally be reported on a financial year-to-date basis.**

(a) **...**

Effective Date

...

49.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

…

49.3 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraph 16A. An entity shall apply that amendment retrospectively in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 49.1. If an entity applies that amendment for an earlier period it shall disclose that fact.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IAS 34.

Paragraph BC7 is added. New text is underlined.

2015 Omnibus Amendments to PBE Standards

BC7. In the IASB's *Annual Improvements to IFRSs Cycle 2012-2014* the IASB amended IAS 34 to clarify what is meant by the reference to information provided 'elsewhere in the interim report' and require a cross-reference to such information. The IPSASB did not include equivalent amendments in its *Improvements to IPSASs 2014* because there is no IPSAS equivalent to IAS 34. The NZASB considered that the amendment would improve clarity in the PBE Standards and should be incorporated in PBE IAS 34. The NZASB therefore included equivalent amendments in its *2015 Omnibus Amendments to PBE Standards.*

Part C: Amendments to Align PBE Standards with IPSASs as a Consequence of the IPSASB's Improvements to IPSASs 2014

PBE IPSAS 1 *Presentation of Financial Statements*

Paragraphs 21, 53 and 54 are amended and paragraphs 53A and 154.3 and a subheading above paragraph 53 are added. Paragraph 154.1 has not been amended but is included for context. New text is underlined and deleted text is struck through.

Components of Financial Statements

21. **A complete set of financial statements comprises:**

    (a) **A statement of financial position;**

    (b) **A statement of comprehensive revenue and expense;**

    (c) **A statement of changes in net assets/equity;**

    (d) **A cash flow statement;**

    (e) **When the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements; and**

    (f) **Notes, comprising a summary of significant accounting policies and other explanatory notes; and**

    (g) **Comparative information in respect of the preceding period as specified in paragraphs 53 and 53A.**

Comparative Information

Minimum Comparative Information

53. **Except when a PBE Standard permits or requires otherwise, an entity shall present comparative information ~~shall be disclosed~~ in respect of the ~~previous~~ preceding period for all amounts reported in the financial statements. An entity shall include ~~C~~comparative information ~~shall be included~~ for narrative and descriptive information ~~when~~ if it is relevant to ~~an~~ understanding ~~of~~ the current period's financial statements.**

53A. **An entity shall present, as a minimum, one statement of financial position with comparative information for the preceding period, one statement of comprehensive revenue and expense with comparative information for the preceding period, one cash flow statement with comparative information for the preceding period and one statement of changes in net assets/equity with comparative information for the preceding period, and related notes.**

54. In some cases, narrative information provided in the financial statements for the ~~previous~~ preceding period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the ~~last reporting date~~ end of the preceding period and is yet to be resolved. Users may benefit from the disclosure of information ~~(a)~~ that the uncertainty existed at the ~~last reporting date,~~ end of the preceding period and ~~(b)~~ from disclosure of information about the steps that have been taken during the period to resolve the uncertainty.

…

Effective Date

…

154.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

…

154.3 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraphs 21, 53 and 54, added paragraph 53A and added a new subheading above paragraph 53. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 154.1. If an entity applies those amendments for an earlier period it shall disclose that fact.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IPSAS 1.

Paragraphs BC7 to BC8 are added. New text is underlined.

2015 Omnibus Amendments to PBE Standards

BC7. In the IASB's *Annual Improvements to IFRSs Cycle 2009-2011* the IASB amended IAS 1 to clarify the requirements for comparative information. The IPSASB made equivalent amendments to IPSAS 1 in respect of some, but not all, of the IASB's amendments. The IPSASB did not incorporate those parts of the amendments relating to IFRS 1 *First-time Adoption of International Financial Reporting Standards* or IAS 34 *Interim Financial Reporting* as there are no equivalent standards for those IPSASs. The IPSASB did not incorporate the amendments related to presenting a statement of financial position at the beginning of a preceding period for retrospective changes resulting from accounting policy changes, restatements and reclassifications because IPSAS 1 does not require presentation of an opening statement of financial position. The IPSASB did not incorporate amendments related to presenting additional comparative information as this was not considered a minor change.

BC8. The NZASB agreed to incorporate the IPSASB's amendments to IPSAS 1 in PBE IPSAS 1. In addition, it included the amendments that relate to first-time adoption of PBE Standards by entities other than those previously applying NZ IFRSs and interim reporting because PBE Standards include requirements on these topics. The NZASB made these amendments as part of the *2015 Omnibus Amendments to PBE Standards*.

Consequential Amendments to other PBE Standards Resulting from the Amendments to PBE IPSAS 1

PBE IAS 34 *Interim Financial Reporting*

Paragraph 5 is amended and paragraph 49.4 is added. Paragraph 49.1 has not been amended but is included for context. New text is underlined and deleted text is struck through.

Content of an Interim Financial Report

5. PBE IPSAS 1 defines a complete set of financial statements as including the following components:

…

(e) When the entity makes publicly available its approved budget for an interim period, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements; ~~and~~

(f) Notes, comprising a summary of significant accounting policies and other explanatory notes~~.~~; <u>and</u>

<u>(fa) Comparative information in respect of the preceding period as specified in paragraphs 53 and 53A of PBE IPSAS 1.</u>

Effective Date

...

49.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

…

<u>49.4 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraph 5 as a consequential amendment derived from the amendment to PBE IPSAS 1 *Presentation of Financial Statements*. An entity shall apply that amendment retrospectively in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 49.1. If an entity applies that amendment for an earlier period it shall disclose that fact.</u>

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

Paragraph 25 is amended and paragraph 42.1 is added. Paragraph 42 has not been amended but is included for context. New text is underlined and deleted text is struck through.

Comparative Information

25. An entity's first set of financial statements under PBE Standards shall include at least three statements of financial position, two statements of comprehensive revenue and expense, two separate statements of financial performance (if presented), two cash flow statements and two statements of changes in net assets/equity, and related notes, including comparative information <u>for all statements presented</u>.

Effective Date

42. **A public benefit entity shall apply this Standard for annual financial statements, and any interim financial statements within that annual period, covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

42.1 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraph 25 as a consequential amendment derived from the amendment to PBE IPSAS 1 *Presentation of Financial Statements*. An entity shall apply those amendments retrospectively in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 42. If an entity applies those amendments for an earlier period it shall disclose that fact.

PBE IPSAS 17 *Property, Plant, and Equipment*

Paragraphs 17, 50 and 72 are amended and paragraphs 78A, 106A and 108.2 are added. Paragraph 108.1 has not been amended but is included for context. New text is underlined and deleted text is struck through.

Recognition

…

17. ~~Spare~~ Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Standard ~~are usually carried as inventory and recognised in surplus or deficit as consumed. However, major spare parts and stand-by equipment qualify as property, plant, and equipment~~ when they meet the definition of property, plant, and equipment. Otherwise, such items are classified as inventory. ~~an entity expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant, and equipment, they are accounted for as property, plant, and equipment.~~

…

Revaluation Model

…

50. When an item of property, plant, and equipment is revalued, ~~any accumulated depreciation~~ the carrying amount of that asset is adjusted to the revalued amount. A~~a~~t the date of the revaluation, the asset is treated in one of the following ways:

    (a) ~~Restated proportionately~~ The gross carrying amount is adjusted in a manner that is consistent with the ~~change in the gross carrying amount of the asset, so that~~ revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or ~~after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to its depreciated replacement cost~~.

    (b) The accumulated depreciation is ~~E~~eliminated against the gross carrying amount of the asset. ~~and the net amount restated to the revalued amount of the asset. This method is often used for buildings.~~

    The amount of the adjustment ~~arising on the restatement or elimination~~ of accumulated depreciation forms part of the increase or decrease in carrying amount that is accounted for in accordance with paragraphs 54 and 55.

…

Depreciable Amount and Depreciation Period

…

72. The future economic benefits or service potential embodied in an item of property, plant, and equipment are consumed by the entity principally through the use of the asset. However, other factors such as technical or commercial obsolescence and wear and tear while an asset remains idle often result in the diminution of the economic benefits or service potential that might have been obtained from the asset. Consequently, all the following factors are considered in determining the useful life of an asset:

    (a) Expected usage of the asset. Usage is assessed by reference to the asset's expected capacity or physical output.

(b) Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance program, and the care and maintenance of the asset while idle.

(c) Technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset. Expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technical or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits or service potential embodied in the asset.

…

Depreciation Method

…

78A. A depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits or service potential of the asset. For example, revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices. The price component of revenue may be affected by inflation, which has no bearing upon the way in which an asset is consumed.

…

Transitional Provisions

…

106A. *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraph 50. An entity shall apply that amendment to all revaluations recognised in annual periods beginning on or after the date of initial application of that amendment and in the immediately preceding annual period.

…

Effective Date

…

108.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

108.2 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraphs 17, 50 and 72 and added paragraphs 78A and 106A. An entity shall apply those amendments prospectively for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 108.1. If an entity applies those amendments for an earlier period it shall disclose that fact.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IPSAS 17.

Paragraphs BC16 to BC18 are added. New text is underlined.

2015 Omnibus Amendments to PBE Standards

BC16. In the IASB's *Annual Improvements to IFRSs Cycle 2009-2011* the IASB amended IAS 16 *Property, Plant and Equipment* to clarify when servicing equipment is considered property, plant and equipment or inventory. The IPSASB made equivalent amendments to IPSAS 17 as there was no public sector specific reason for not adopting the amendments. The NZASB made these amendments as part of the *2015 Omnibus Amendments to PBE Standards.*

BC17. In the IASB's *Annual Improvements to IFRSs Cycle 2010-2012* the IASB amended IAS 16 to clarify the treatment of the carrying amount and accumulated depreciation when an item of property, plant and equipment is revalued. The IPSASB made equivalent amendments to IPSAS 17 as there was no public sector specific reason for not adopting the amendments. The NZASB made these amendments as part of the *2015 Omnibus Amendments to PBE Standards.*

BC18. In the IASB's *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16 and IAS 38) the IASB amended IAS 16 and IAS 38 *Intangible Assets* to clarify the acceptable methods of depreciating assets and amortising intangible assets. The IPSASB made equivalent amendments to IPSAS 17 and IPSAS 31 as there was no public sector specific reason for not adopting the amendments. The NZASB made these amendments as part of the *2015 Omnibus Amendments to PBE Standards.*

PBE IPSAS 28 *Financial Instruments: Presentation*

Paragraphs 40, 42 and 44 are amended and paragraphs 40A and 62.2 are added. Paragraph 62.1 has not been amended but is included for context. New text is underlined and deleted text is struck through.

Interest, Dividends or Similar Distributions, Losses, and Gains (see also paragraph AG62)

40. **Interest, dividends or similar distributions, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as revenue or expense in surplus or deficit. Distributions to holders of an equity instrument shall be recognised ~~debited~~ by the entity directly ~~to~~ in net assets/equity~~, net of any related income tax benefit~~. Transaction costs incurred on transactions in net assets/equity shall be accounted for as a deduction from net assets/equity~~, net of any related income tax benefit~~.**

40A. Income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PBE IAS 12 *Income Taxes*.

…

42. An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. Any related transaction costs are accounted for as a deduction from net assets/equity ~~(net of any related income tax benefit)~~ to the extent that they are incremental costs directly attributable to the transaction that otherwise would have been avoided. The costs of such a transaction that is abandoned are recognised as an expense.

…

44. The amount of transaction costs accounted for as a deduction from net assets/equity in the period is disclosed separately ~~under~~ in accordance with PBE IPSAS 1.

Effective Date

…

62.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

62.2 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraphs 40, 42 and 44 and added paragraph 40A. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 62.1. If an entity applies those amendments for an earlier period it shall disclose that fact.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IPSAS 28.

Paragraph BC4 is added. New text is underlined.

2015 Omnibus Amendments to PBE Standards

BC4. In the IASB's *Annual Improvements to IFRSs Cycle 2009-2011* the IASB amended IAS 32 *Financial Instruments: Presentation* to clarify the tax effect of distributions to holders of equity instruments. The IPSASB made equivalent amendments to IPSAS 28 as there was no public sector specific reason for not adopting the amendments. The NZASB made these amendments as part of the *2015 Omnibus Amendments to PBE Standards.*

PBE IPSAS 31 *Intangible Assets*

Paragraph 79, 91 and 97 are amended and paragraphs 97A, 97B, 97C, 131A, and 133.2 are added. Paragraph 133.1 has not been amended but is included for context. New text is underlined and deleted text is struck through.

Revaluation Model

…

79. ~~If~~When an intangible asset is revalued, ~~any accumulated amortisation~~ the carrying amount of that asset is adjusted to the revalued amount. A~~a~~t the date of the revaluation, the asset is ~~either~~ treated in one of the following ways:

(a) ~~Restated proportionately~~ The gross carrying amount is adjusted in a manner that is consistent with the ~~change in the gross carrying amount of the asset so that~~ revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated amortisation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses ~~after revaluation equals its revalued amount~~; or

(b) The accumulated amortisation is ~~E~~eliminated against the gross carrying amount of the asset. ~~and the net amount restated to the revalued amount of the asset.~~

The amount of the adjustment of accumulated amortisation forms part of the increase or decrease in the carrying amount that is accounted for in accordance with paragraphs 84 and 85.

Useful Life

…

91. Given the history of rapid changes in technology, computer software and many other intangible assets are susceptible to technological obsolescence. Therefore, it ~~is likely~~ will often be the case that their useful life is short. Expected future reductions in the selling price of an item that was produced using an intangible asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits or service potential embodied in the asset.

…

Amortisation Period and Amortisation Method

…

97. A variety of amortisation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method. The method used is selected on the basis of the expected pattern of consumption of the expected future economic benefits or service potential embodied in the asset and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits or service potential.

…

97A. There is a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate. The revenue generated by an activity that includes the use of an intangible asset typically reflects factors that are not directly linked to the consumption of the economic benefits or service potential embodied in the intangible asset. For example, revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices.

The price component of revenue may be affected by inflation, which has no bearing upon the way in which an asset is consumed. This presumption can be overcome only in the limited circumstances:

(a) In which the intangible asset is expressed as a measure of revenue, as described in paragraph 97C; or

(b) When it can be demonstrated that revenue and the consumption of the economic benefits or service potential of the intangible asset are highly correlated.

97B. In choosing an appropriate amortisation method in accordance with paragraph 97, an entity could determine the predominant limiting factor that is inherent in the intangible asset. For example, the contract that sets out the entity's rights over its use of an intangible asset might specify the entity's use of the intangible asset as a predetermined number of years (i.e., time), as a number of units produced or as a fixed total amount of revenue to be generated. Identification of such a predominant limiting factor could serve as the starting point for the identification of the appropriate basis of amortisation, but another basis may be applied if it more closely reflects the expected pattern of consumption of economic benefits or service potential.

97C. In the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold, the revenue to be generated can be an appropriate basis for amortisation. For example, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged (for example, a contract could allow operation of the toll road until the cumulative amount of tolls generated from operating the road reaches CU100 million). In the case in which revenue has been established as the predominant limiting factor in the contract for the use of the intangible asset, the revenue that is to be generated might be an appropriate basis for amortising the intangible asset, provided that the contract specifies a fixed total amount of revenue to be generated on which amortisation is to be determined.

...

Transitional Provisions

…

131A. *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraph 79. An entity shall apply that amendment to all revaluations recognised in annual periods beginning on or after the date of initial application of that amendment and in the immediately preceding annual period.

...

Effective Date

…

133.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

133.2 *2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraphs 79, 91 and 97 and added paragraphs 97A, 97B, 97C and 131A. An entity shall apply those amendments prospectively for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 133.1. If an entity applies those amendments for an earlier period it shall disclose that fact.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IPSAS 31.

Paragraphs BC8 to BC9 are added. New text is underlined.

2015 Omnibus Amendments to PBE Standards

BC8. In the IASB's *Annual Improvements to IFRSs Cycle 2010-2012* the IASB amended IAS 38 to clarify the treatment of the carrying amount and accumulated amortisation when an intangible asset is revalued. The IPSASB made equivalent amendments to IPSAS 31 as there was no public sector specific reason for not adopting the amendments. The NZASB made these amendments as part of the *2015 Omnibus Amendments to PBE Standards.*

BC9. In the IASB's *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16 and IAS 38) the IASB amended IAS 16 *Property, Plant and Equipment* and IAS 38 to clarify the acceptable methods of depreciating assets and amortising intangible assets. The IPSASB made equivalent amendments to IPSAS 17 and IPSAS 31 as there was no public sector specific reason for not adopting the amendments. The NZASB made these amendments as part of the *2015 Omnibus Amendments to PBE Standards.*

Part D: Editorial Corrections

New Zealand Editorial Corrections

These amendments result from minor editorial changes identified by the NZASB.

New text is underlined and deleted text is struck through.

Standard	**Paragraph**	**Amendment**
PBE IPSAS 5	30	When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realisable value, the carrying amount is written down or written off in accordance with the requirements of PBE IPSAS 21 *Impairment of Non-Cash-Generating Assets* or PBE IPSAS 26 *Impairment of Cash-Generating~~-~~ Assets* as appropriate…[remove final hyphen]
PBE IPSAS 17	AG1	PBE Standards define fair value as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. An entity that elects to measure a class of property, plant and equipment using the revaluation model, as permitted by paragraph 44 of this Standard, may need to estimate the fair value of certain assets. This Application Guidance provides guidance on the estimation of fair value using the depreciated replacement cost method[1] in the circumstances permitted by paragraph 48 of this Standard. 1 Paragraphs AG11–AG17, AG19–AG20 and AG22 are largely based upon guidance from Technical Information Paper 2 *The Cost Approach for Tangible Assets*, published by the International Valuation Standards Council in 2012.
PBE IAS 34	7	…The recognition and measurement guidance in this Standard applies also to complete financial statements for an interim period, and such statements would include all of the disclosures required by this Standard (particularly the selected note disclosures in paragraph 16A) as well as those required by other Standards.
PBE FRS 46	39	Where previously recognised agricultural produce is measured using cost in accordance with paragraph 37(b) of this Standard, the entity shall apply PBE IPSAS 12 ~~*Inventories*~~ (paragraphs 38–42) to that agricultural produce in each subsequent reporting period to ensure that the inventory is measured at the lower of cost and net realisable value.

Part E: Effective Date

This Standard is effective for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted as provided in the effective date paragraphs for each specific standard amended in Part B and Part C.