



Tuesday, 22 July 2025

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Chief Executive
External Reporting Board
Level 6, 154 Featherston Street
Wellington 6011

By website: <https://www.xrb.govt.nz/consultations/accounting-standards-open-for-consultation/ed-amendments-to-xrb-a2-2025/>

Dear Wendy

Exposure Draft 2025-2: Amendments to XRB A2 resulting from the Regulatory Systems (Economic Development) Amendment Act 2025

Chartered Accountants Australia and New Zealand (CA ANZ) appreciates the opportunity to provide comments to the External Reporting Board (XRB) on the proposed amendments to XRB A2 Meaning of Specified Statutory Size Thresholds (the ED). We make this submission on behalf of our members and in the public interest.

We support the amendments proposed to XRB A2 to reflect the legislative changes required as a result of the [Regulatory Systems \(Economic Development\) Amendment Act 2025](#) enacted on 29 March 2025, effective for accounting periods commencing on or after 1 September 2025. It is important to reflect the recent amendments to section 45 (meaning of “large”) and section 46 (meaning of “specified not-for-profit entity”) in the Financial Reporting Act 2013 (FRA) in XRB A2, so that XRB A2 remains consistent with the FRA.

We note that [paragraph 42A](#) of XRB A1 Application of the Accounting Standards Framework and [paragraph 12](#) of the Tier 4 NFP Standard already require entities to consider the operating payments of the entity *and all entities it controls (if any)* when assessing their total operating payments for the purpose of determining whether they can report under the ‘non-GAAP’ Tier 4 Standard. Therefore, we do not expect that these proposed amendments to XRB A2 would impact entities’ assessment of whether they can apply the Tier 4 Standard.

We would like to raise one point for consideration as the XRB finalises the amendments. There is inconsistency in how the definition of control is referred to within the extant XRB A2, and the ED, as follows:

- Proposed paragraph 16A – *“For the purposes of section 46 of the Financial Reporting Act 2013, the meaning of the term “control” is set out in the relevant PBE Standards issued by the New Zealand Accounting Standards Board as applicable to public benefit entities.”*

- [Paragraph 23H](#) – “For the purposes of section 42D of the Charities Act 2005, the meaning of the term “control” is set out in the relevant PBE Standards issued by the New Zealand Accounting Standards Board as applicable to not-for-profit entities.”
- [Paragraph 23S](#) – “For the purposes of section 16(2) of the Incorporated Societies Regulations 2023, the meaning of the term “control” is set out in the relevant Standards issued by the New Zealand Accounting Standards Board as applicable to for-profit and public-benefit-entities.”

This appears to make assumptions about an entity’s classification as a for-profit entity or public benefit entity for financial reporting purposes based on its legal form and charity registration status. While these assumptions are reasonable, we are concerned there may be exceptions, albeit rare, so we recommend this is taken to a higher level as follows:

“..., the meaning of the term “control” is set out in the relevant accounting standards issued by the XRB or the New Zealand Accounting Standards Board”.

The Appendix provides more information about CA ANZ. Should you have any questions about the matters raised in this submission or wish to discuss them further, please contact Zowie Pateman FCA, Deputy Leader – Reporting and Assurance at Zowie.Pateman@charteredaccountantsanz.com

Sincerely

Peter Vial FCA

New Zealand Country Head

Amir Ghandar FCA

Reporting and Assurance Leader

Appendix

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 140,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.