

**New Zealand Accounting Standards Board**

**Minutes of the Meeting held on Wednesday 13 September 2017 at the Heritage Hotel,  
35 Hobson Street, Auckland commencing at 9.20am**

**Members Present:** Kimberley Crook  
Todd Beardsworth  
Nives Botica-Redmayne  
Francis Caetano  
Charles Hett  
Lyn Hunt  
Karl Hickey  
Kris Peach (up to 4.15pm)  
Angela Ryan  
Richard Smyth

**Apologies:** Kris Peach (from 4.15pm)

**In attendance:** Warren Allen – Chief Executive  
Anthony Heffernan – Director, Accounting Standards  
David Bassett – Deputy Director, Accounting Standards  
Tracey Crookston – Project Manager, Accounting Standards  
Lisa Kelsey – Project Manager, Accounting Standards  
Aimy Luu Huynh – Project Manager, Accounting Standards  
Judith Pinny – Project Manager, Accounting Standards  
Joanne Scott – Senior Project Manager, Accounting Standards  
Vanessa Sealy-Fisher – Senior Project Manager, Accounting Standards

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**PUBLIC SESSION – AGENDA ITEMS 3 AND 4**

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**3. AMENDMENTS TO XRB A1 RELATING TO TIER 4**

The Board APPROVED *2017 Amendments to XRB A1 Application of the Accounting Standards Framework* for tabling at the October XRB Board meeting for its approval to issue.

The Board AGREED that further work be undertaken to determine whether amendments are needed to the Tier 4 standards to:

- (a) clarify that where an entity controls another entity and both entities qualify to report in accordance with the Tier 4 standards, the controlling entity is not required to prepare consolidated financial statements; and
- (b) require entities that qualify to report in accordance with the Tier 4 standards to disclose the nature of any interests in other entities (interests being in the form of control, joint control or significant influence).

The work undertaken to determine whether amendments are needed to the Tier 4 standards, and the amendments if needed, will be tabled at a future meeting for consideration by the Board.

#### **4. PRINCIPLES OF DISCLOSURE**

The Board:

- (a) CONSIDERED the submission received on the IASB *Disclosure Initiative – Principles of Disclosure* Discussion Paper (DP);
- (b) NOTED the feedback received from the Corporate Reporting Users Forum;
- (c) APPROVED, subject to changes agreed at the meeting, the comment letter to the IASB on the DP (agenda item 4.2); and
- (d) AGREED that changes to the comment letter will be reviewed and approved for issue by the Chair and a Board member.

The Board moved into non-public session.

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### **PUBLIC SESSION – AGENDA ITEMS 6.2 – 10**

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#### **6. SERVICE PERFORMANCE REPORTING**

##### **6.2 to 6.5**

The Board:

- (a) CONSIDERED submissions received on the limited scope review draft of PBE FRS XX *Service Performance Reporting* (the draft standard); and
- (b) PROVIDED FEEDBACK on proposed changes to the draft standard in response to comments received.

Staff will revise the draft standard for the comments received at the meeting with a view to seeking approval of the draft standard at the November meeting. Staff are to bring back issues and options for dealing with the consequential amendments to PBE FRS 42 *Prospective Financial Statements*.

The Board noted that the Feedback Statement that accompanied the limited scope review draft was developed to engage with constituents at that stage of the project. The Board did not feel that it was necessary to issue a revised Feedback Statement at the conclusion of the project as the Basis for Conclusions will provide a record of the main issues considered during the development of the standard.

## **7. PBE IPSAS 40 PBE COMBINATIONS**

The Board:

- (a) PROVIDED FEEDBACK on some of the proposed modifications to IPSAS 40 *Public Sector Combinations* in developing Exposure Draft PBE IPSAS 40 *PBE Combinations* (the ED); and
- (b) NOTED the status of issues that will be considered at a future meeting.

The Board NOTED that paragraph 12(b) has a bracketed reference to paragraphs AG29–AG30 which explains that when there has been no consideration an entity needs to consider why, but the messages in AG29–AG30 are not evident from a simple cross reference. The Board AGREED to expand paragraph 12(b) using consistent wording from paragraph AG30 to remind entities to consider why no consideration was paid. The Board AGREED with the proposed amendments to scenarios 2, 3, 6 and 14 and the Basis for Conclusions in BC3–BC6.

The Board AGREED to:

- (a) remove the guidance on tax forgiven in paragraphs 34, 79, AG58 and AG86 mainly because there was sufficient guidance in the remaining paragraphs;
- (b) amend paragraph AG24 to clarify the intention of the paragraph, and to remove the paragraph AG24 text from paragraphs IE19, IE29, IE45 and IE59;
- (c) include the examples of inputs and processes from PBE IFRS 3 *Business Combinations* as this would be helpful to PBEs;
- (d) amend paragraph AG44 and the table in paragraph AG45 for clarification; and
- (e) remove paragraphs IE19, IE29, IE45 and IE68 as these paragraphs don't assist an entity to classify a combination.

The Board REQUESTED that staff reconsider the following issues.

- (a) The fact pattern and analysis for scenario 15 on a voluntary combination not under common control.
- (b) The proposed RDR concessions and RDR paragraphs for acquisition disclosures.
- (c) Incorporation of the guidance in PBE IFRS 3 *Business Combinations* for identifying an acquirer.

## **8. FINANCIAL REPORTING FOR HERITAGE IN THE PUBLIC SECTOR**

The Board CONSIDERED respondents' comments on the Consultation Paper (CP) issued by the IPSASB, *Financial Reporting for Heritage in the Public Sector*. The Board REVIEWED the draft NZASB comment letter and AGREED a number of amendments.

The Board AGREED that the updated comment letter will be REVIEWED and APPROVED by a sub-committee of the Board and sent to the IPSASB prior to the next Board meeting.

## **9. ACCOUNTING FOR REVENUE AND NON-EXCHANGE EXPENSES – PROJECT AND OUTREACH PLAN**

The Board:

- (a) NOTED the IPSASB Consultation Paper *Accounting for Revenue and Non-Exchange Expenses* (the CP);
- (b) AGREED the proposed project plan and outreach for the CP (agenda item 9.1);
- (c) AGREED the areas of focus for the NZASB's comment letter is the proposed revenue and non-exchange expense recognition approaches;
- (d) NOTED the project plan will be reviewed after the first Working Group meeting and an additional Board meeting may be required;
- (e) NOTED the feedback from XRAP on the proposed revenue recognition approaches; and
- (f) NOTED the next steps for the project is a paper on Chapter 4 Revenue Transactions (Category B) – recognition approaches for the additional Board meeting on 6 October.

## **10. STANDARDS APPROVED**

The Board NOTED that the following interpretation and standard have been issued:

- (a) NZ IFRIC 23 *Uncertainty over Income Tax Treatments*; and
- (b) NZ IFRS 17 *Insurance Contracts*.

The Board moved out of public session.