



*Te Kāwai Ārahi Pūrongo Mōwaho*

## **2017 Amendments to XRB A1 Application of the Accounting Standards Framework**

This Standard was issued on 2 November 2017 by 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 30 November 2017.

Reporting entities that are subject to this Standard are required to apply the Standard in accordance with the effective date set out in Part C of this Standard.

In finalising this Standard, the External Reporting 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 XRB A1 to reflect a legislative change and to amend the criteria for a public benefit entity to report in accordance with Tier 4 Accounting Requirements.

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## **Part A**

### **Introduction**

This Standard amends External Reporting Board Standard A1 *Application of the Accounting Standards Framework* by:

- (a) deleting paragraph 9(c); and
- (b) adding paragraph 42A to amend the criteria for an entity to report in accordance with Tier 4 PBE Accounting Requirements.

## Amendments to XRB A1 *Application of the Accounting Standards Framework*

Paragraph 9(c) is deleted (deleted text is struck through and new text is underlined) and paragraphs 42A and 75 are added

### Public Accountability

...

- 9 An entity is deemed to have public accountability in New Zealand if:
- (a) it is an FMC reporting entity or a class of FMC reporting entities that is considered to have a “higher level of public accountability” than other FMC reporting entities under section 461K of the Financial Markets Conduct Act 2013 [footnote omitted]; or
  - (b) it is an FMC reporting entity or a class of FMC reporting entities that is considered to have a “higher level of public accountability” by a notice issued by the Financial Markets Authority (FMA) under section 461L(1)(a) of the Financial Markets Conduct Act 2013; ~~or~~
  - ~~(c) it is an entity to which section 55 of the Financial Reporting Act 2013 applies.~~

...

### Tier 4 Criteria

- 42 Subject to the requirements on moving between tiers (set out in paragraphs 47 to 72), a PBE may elect to report in accordance with Tier 4 PBE Accounting Requirements if it is permitted by an Act to report in accordance with non-GAAP standards (i.e., the cash basis of accounting) because it does not have public accountability and does not meet the legislative size threshold to be a “specified not-for-profit entity”. [footnote omitted]
- 42A For the purpose of applying the legislative size threshold, where an entity has controlled entities<sup>1</sup>, total operating payments means the combined operating payments of the entity and all its controlled entities.<sup>2</sup> An entity may elect to report in accordance with Tier 4 PBE Accounting Requirements where the combined total operating payments of the entity and all its controlled entities do not exceed the legislative size threshold. Where the combined total operating payments exceed the legislative size threshold, the entity shall apply the criteria for other tiers to determine the appropriate tier for reporting.

...

### D. EFFECTIVE DATE

...

- 75 *2017 Amendments to XRB A1 Application of the Accounting Standards Framework*, issued in October 2017, deleted paragraph 9(c) and added paragraph 42A. Those amendments are effective for reporting periods beginning on or after 1 January 2018. Earlier application of paragraph 42A is permitted.

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<sup>1</sup> An entity determines whether it controls another entity in accordance with GAAP.

<sup>2</sup> The combined operating payments of the entity and all its controlled entities excludes any payments between the entity and the controlled entities and/or between the controlled entities.

## **Part C**

### **Effective Date**

This Standard is effective for reporting periods beginning on or after 1 January 2018. Earlier application of paragraph 42A is permitted.