

**New Zealand Accounting Standards Board**

**Minutes of the Meeting held via videoconference on 24 November 2017 at XRB Offices, Level 7, 50 Manners St, Wellington and Level 12, 55 Shortland Street, Auckland commencing at 9.05am**

<b>Members Present:</b>	Kimberley Crook Todd Beardsworth Francis Caetano Karl Hickey Richard Smyth
<b>Apologies:</b>	Nives Botica-Redmayne Charles Hett Lyn Hunt Kris Peach Angela Ryan
<b>In attendance:</b>	Warren Allen – Chief Executive Anthony Heffernan – Director, Accounting Standards Aimy Luu Huynh – Senior Project Manager, Accounting Standards Lisa Kelsey – Senior Project Manager, Accounting Standards Joanne Scott – Senior Project Manager, Accounting Standards (via teleconference) Vanessa Sealy-Fisher – Senior Project Manager, Accounting Standards

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**PUBLIC SESSION – AGENDA ITEM 2**

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**2. ACCOUNTING FOR REVENUE AND NON-EXCHANGE EXPENSES**

The Board:

- (a) PROVIDED feedback on the NZASB's draft comment letter (agenda item 2.2) on the International Public Sector Accounting Standards Board (IPSASB) Consultation Paper *Accounting for Revenue and Non-Exchange Expenses* (the CP);
- (b) NOTED six submissions have been received and the analysis will be provided at the next meeting;
- (c) NOTED the Working Group had met earlier the week and provided feedback on the NZASB's proposed framework for the recognition of revenue and expenses in appendix 1 of the draft comment letter;
- (d) CONSIDERED the Working Group's feedback on moving the line on revenue and expenses for arrangements with no performance obligations but with specific consumption-based stipulations and enforcement mechanisms to apply the Public Sector Performance Obligation Approach (PSPOA), but AGREED to retain the NZASB's proposed framework, to

be consistent with the definitions of elements in the IPSASB's Conceptual Framework;  
and

- (e) AGREED that for capital grants and revenue transactions with no performance obligations but with stipulations over use (including permanently restricted assets), that under the other comprehensive revenue and expense (OCRE) option, the recycling to surplus or deficit should occur when the resource recipient has spent the funds as specified by the resource provider.

The Board AGREED that the draft comment letter would include:

- (a) the NZASB's consideration of applying the PSPOA for revenue transactions with no performance obligations but with specific consumption-based stipulations and enforcement mechanisms, because these transactions could be deferred under the "other obligations" approach of the IPSASB's Conceptual Framework and why it was eventually dismissed;
- (b) the NZASB's consideration of applying the PSPOA for expense transactions with no performance obligations but with specific consumption-based stipulations and enforcement mechanisms, because these transactions could be deferred under the "other resources" approach of the IPSASB's Conceptual Framework and why it was eventually dismissed;
- (c) the presentation option and OCRE option for expense transactions with no performance obligations but with consumption-based stipulations and to acknowledge that the Board had mixed views over these options. The majority of the Board members prefer the presentation option with a minority preferring the OCRE option; and
- (d) a point in the cover letter on how the short comment period on the CP for such broad and important topics has limited the NZASB's detailed response only to the most significant issues and for this reason high-level response for the other issues.