

New Zealand Accounting Standards Board

**Minutes of the Meeting held Wednesday 12 September 2018 at the Heritage Hotel,
35 Hobson Street, Auckland commencing at 9.25am**

- Members present:** Kimberley Crook
Nives Botica-Redmayne
Francis Caetano
Charles Hett
Karl Hickey
Kris Peach (via teleconference from 9.45am to 4pm)
Angela Ryan
Richard Smyth
- Apologies:** Todd Beardsworth
Lyn Hunt
Kris Peach (from 9.25am to 9.45am and 4pm to 4.20pm)
- Guests:** *For agenda item 4:*
Robert Clarke – Senior Policy Advisor, Ministry of Business,
Innovation and Employment
For agenda item 5:
Chris Neves – Audit Partner, BDO
Natalie Tyndall – Technical Associate, BDO
Jason Stinchcombe – Audit and Technical Partner, RSM
Nigel de Frere – Audit Director, Staples Rodway
Aniela Tkacz – National Technical Manager, Staples Rodway
Richard Dey – Audit Director, William Buck
Darren Wright – Audit Director, William Buck
- Observers:** Gali Slyuzberg – Manager, Financial Accounting Advisory Services,
Ernst & Young
Neha Juneja, Shachini Dassanayake and Patricia Au – AASB staff
- In attendance:** Warren Allen – Chief Executive
Anthony Heffernan – Director, Accounting Standards
David Bassett – Deputy Director, Accounting Standards
Lisa Kelsey – Senior Project Manager, Accounting Standards
Aimy Luu Huynh – Senior 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

PUBLIC SESSION – AGENDA ITEM 3

3. PBE IPSAS 40 PBE COMBINATIONS

The Board:

- (a) APPROVED NZASB ED 2018-X PBE IPSAS 40 *PBE Combinations* (ED) and Invitation to Comment (ITC) for issue, subject to the changes agreed at the meeting and review by the Chair;
- (b) AGREED the ED should have a comment period of four months; and
- (c) PROVIDED FEEDBACK on the proposed outreach for the ED.

The Board moved into non-public session.

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6. PBE FINANCIAL INSTRUMENTS

The Board:

- (a) APPLIED the PBE Policy Approach to the recently issued IPSAS 41 *Financial Instruments* and AGREED to commence a project to adopt the requirements of IPSAS 41 in PBE Standards;
- (b) AGREED to give effect to this decision by developing a new PBE Standard PBE IPSAS 41 *Financial Instruments* (which would eventually replace PBE IFRS 9 *Financial Instruments*);
- (c) AGREED to defer the mandatory effective date of PBE IFRS 9 to align it with the proposed effective date of the new standard and to limit application of PBE IFRS 9 following the issuance of the new standard;
- (d) PROVIDED FEEDBACK on matters to be considered in drafting transition provisions for entities that have early adopted PBE IFRS 9. The overall direction was to avoid the need for reassessments by entities that have early adopted PBE IFRS 9, given that most of the requirements remain unchanged;
- (e) PROVIDED FEEDBACK on the draft Invitation to Comment; and
- (f) AGREED to consider the ED and Invitation to Comment at a future meeting.

7. PBE STANDARD BASED ON IFRS 17 INSURANCE CONTRACTS

The Board:

- (a) DISCUSSED issues relating to the development of the exposure draft;
- (b) AGREED to remove the reference to IFRS 15 *Revenue from Contracts with Customers* in paragraph 12 of the proposed PBE IFRS 17 *Insurance Contracts* and not replace it with a reference to PBE IPSAS 9;

- (c) AGREED to include the IASB's proposed narrow-scope amendments to IFRS 17 in the proposed PBE IFRS 17; and
- (d) AGREED to align the effective date of the proposed PBE IFRS 17 with forthcoming PBE IPSAS 41, with early application permitted for entities that apply forthcoming PBE IPSAS 41 on or before the date of initial application of the proposed PBE IFRS 17.

The Board discussed whether the scope of the proposed PBE IFRS 17 should be extended to capture entities that would meet the criteria that are expected to be included in the forthcoming IPSAS dealing with Social Benefits, requiring those entities to apply the requirements of IFRS 17 *Insurance Contracts* (referred to as the "insurance approach"). The Board asked staff to consider this matter further when developing the exposure draft.

8. STANDARDS APPROVED

The Board NOTED that the following standards have been issued:

- (a) *RDR NZ IFRS 16 and NZ IAS 7*; and
- (b) *2018 Omnibus Amendments to Tier 3 and Tier 4 PBE Accounting Requirements*.