



NZ ACCOUNTING
STANDARDS
BOARD

2018 OMNIBUS AMENDMENTS TO PBE STANDARDS

This Standard was issued on 8 November 2018 by the New Zealand Accounting Standards Board of 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 6 December 2018.

Reporting entities that are subject to this Standard are required to apply it in accordance with the effective date, which is set out in Part G.

In finalising this Standard, the New Zealand Accounting Standards 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 the relevant Tier 1 and Tier 2 PBE Standards as a result of:

- (a) amendments arising from *Improvements to IPSAS, 2018*;
- (b) amendments arising from IASB[®] amendments;
- (c) other New Zealand amendments; and
- (d) editorial corrections.

COPYRIGHT

© External Reporting Board (XRB) 2018

This XRB standard contains International Financial Reporting Standards (IFRS®) Foundation copyright material. It also reproduces, with the permission of the International Federation of Accountants (IFAC), parts of the corresponding international standards issued by the International Public Sector Accounting Standards Board (IPSASB), and published by IFAC. Reproduction of the copyright material within New Zealand in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgement of the source.

Requests and enquiries concerning reproduction and rights for commercial purposes within New Zealand should be addressed to the Chief Executive, External Reporting Board at the following email address: enquiries@xrb.govt.nz

All existing rights (including copyrights) in this material outside of New Zealand are reserved by the IFRS Foundation and IFAC, with the exception of the right to reproduce for the purposes of personal use or other fair dealing. Further information and requests for authorisation to reproduce the IFRS copyright material for commercial purposes outside New Zealand should be addressed to the IFRS Foundation. Further information and requests for authorisation to reproduce the IFAC copyright material for commercial purposes outside New Zealand can be obtained from IFAC at www.ifac.org or by writing to permissions@ifac.org

ISBN 978-0-947505-55-4

Copyright

IFRS Standards are issued by the
International Accounting Standards Board
Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom
Tel: +44 (0)20 7246 6410 Fax +44 (0)20 7246 6411
Email: info@ifrs.org Web: www.ifrs.org

Copyright © International Financial Reporting Standards Foundation All rights reserved.

Reproduced and distributed by the External Reporting Board with the permission of the IFRS Foundation.

This English language version of the IFRS Standards is the copyright of the IFRS Foundation.

1. The IFRS Foundation grants users of the English language version of IFRS Standards (Users) the permission to reproduce the IFRS Standards for
 - (i) the User's Professional Use, or
 - (ii) private study and education

Professional Use: means use of the English language version of the IFRS Standards in the User's professional capacity in connection with the business of providing accounting services for the purpose of application of IFRS Standards for preparation of financial statements and/or financial statement analysis to the User's clients or to the business in which the User is engaged as an accountant.

For the avoidance of doubt, the abovementioned usage does not include any kind of activities that make (commercial) use of the IFRS Standards other than direct or indirect application of IFRS Standards, such as but not limited to commercial seminars, conferences, commercial training or similar events.

2. For any application that falls outside Professional Use, Users shall be obliged to contact the IFRS Foundation for a separate individual licence under terms and conditions to be mutually agreed.
3. Except as otherwise expressly permitted in this notice, Users shall not, without prior written permission of the Foundation have the right to license, sublicense, transmit, transfer, sell, rent, or otherwise distribute any portion of the IFRS Standards to third parties in any form or by any means, whether electronic, mechanical or otherwise either currently known or yet to be invented.
4. Users are not permitted to modify or make alterations, additions or amendments to or create any derivative works, save as otherwise expressly permitted in this notice.

5. Commercial reproduction and use rights are strictly prohibited. For further information please contact the IFRS Foundation at licences@ifrs.org.

The authoritative text of IFRS Standards is that issued by the International Accounting Standards Board in the English language. Copies may be obtained from the IFRS Foundation's Publications Department.

Please address publication and copyright matters in English to:

IFRS Foundation Publications Department

Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.

Tel: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411

Email: publications@ifrs.org Web: www.ifrs.org

Trade Marks



The IFRS Foundation logo, the IASB logo, the IFRS for SMEs logo, the “Hexagon Device”, “IFRS Foundation”, “eIFRS”, “IAS”, “IASB”, “IFRS for SMEs”, “IASs”, “IFRS”, “IFRSs”, “International Accounting Standards” and “International Financial Reporting Standards”, “IFRIC” and “SIC” are **Trade Marks** of the Foundation.

Disclaimer

The authoritative text of the IFRS Standards is reproduced and distributed by the External Reporting Board in respect of their application in New Zealand. The International Accounting Standards Board, the Foundation, the authors and the publishers do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

CONTENTS

	<i>page</i>
Part A: Introduction	5
Part B: Scope	6
Part C: Amendments arising from <i>Improvements to IPSAS, 2018</i>	6
Part D: Amendments arising from IASB® amendments	28
Part E: Other New Zealand amendments	30
Part F: Editorial corrections	35
Part G: Effective date	38

Part A: Introduction

This Standard includes amendments for the following:

- (a) Amendments arising from *Improvements to IPSAS, 2018*;
 - (i) PBE IPSAS 2 *Cash Flow Statements*;
 - (ii) PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates* and PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS*;
 - (iii) PBE IPSAS 5 *Borrowing Costs*;
 - (iv) PBE IPSAS 10 *Financial Reporting in Hyperinflationary Economies*;
 - (v) PBE IPSAS 16 *Investment Property*;
 - (vi) PBE IPSAS 22 *Disclosure of Financial Information about the General Government Sector*;
 - (vii) PBE IPSAS 34 *Separate Financial Statements*;
 - (viii) PBE IPSAS 36 *Investments in Associates and Joint Ventures*;
 - (ix) PBE IPSAS 37 *Joint Arrangements*;
 - (x) PBE IPSAS 39 *Employee Benefits*; and
 - (xi) PBE IFRS 3 *Business Combinations*.
- (b) Amendments arising from IASB[®] amendments;
 - (i) PBE IAS 12 *Income Taxes*; and
 - (ii) PBE IPSAS 38 *Disclosure of Interests in Other Entities*.
- (c) Other New Zealand amendments;
 - (i) PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;
 - (ii) PBE IAS 34 *Interim Financial Reporting*; and
 - (iii) PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS*.
- (d) Editorial corrections.

Part B: Scope

This Standard applies to Tier 1 and Tier 2 public benefit entities.

Part C: Amendments arising from *Improvements to IPSAS, 2018*

PBE IPSAS 2 *Cash Flow Statements*

Paragraphs 55A–55E and the related heading are added. Paragraph 63.3 is also added.
New text is underlined.

Changes in Liabilities Arising from Financing Activities

- *55A. **An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.**
- *55B. To the extent necessary to satisfy the requirement in paragraph 55A, an entity shall disclose the following changes in liabilities arising from financing activities:
- (a) Changes from financing cash flows;
 - (b) Changes arising from obtaining or losing control of controlled entities or other operations;
 - (c) The effect of changes in foreign exchange rates;
 - (d) Changes in fair values; and
 - (e) Other changes.
- *55C. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities. In addition, the disclosure requirement in paragraph 55A also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.
- *55D. One way to fulfil the disclosure requirement in paragraph 55A is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including the changes identified in paragraph 55B. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the cash flow statement.
- *55E. If an entity provides the disclosure required by paragraph 55A in combination with disclosures of changes in other assets and liabilities, it shall disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities.

...

Effective Date

...

63.3 2018 Omnibus Amendments to PBE Standards, issued in November 2018, added paragraphs 55A–55E. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2021. Earlier application is permitted. When the entity first applies those amendments, it is not required to provide comparative information for preceding periods.

...

Paragraph BC3 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

BC3. Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 Cash Flow Statements in Improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE Standards.

Illustrative Examples have been added. New text is underlined.

Illustrative Examples

These examples accompany, but are not part of, PBE IPSAS 2.

...

A. Public Sector Entity

Cash Flow Statement (For an Entity Other Than a Financial Institution)

Direct Method Cash Flow Statement (paragraph 27(a))

...

Notes to the Cash Flow Statement

...

(d) Reconciliation of Liabilities Arising from Financing Activities

	<u>20X1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>20X2</u>
			<u>Acquisition</u>	<u>New leases</u>	
<u>Long-term borrowings</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Lease liabilities</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Long-term debt</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

...

Indirect Method Cash Flow Statement (paragraph 27(b))

Consolidated Cash Flow Statement for Year Ended June 30, 20X2

(in thousands of currency units)

...

Notes to the Cash Flow Statement

...

(c) Reconciliation of Liabilities Arising from Financing Activities

	<u>20X1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>20X2</u>
			<u>Acquisition</u>	<u>New leases</u>	
<u>Long-term borrowings</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Lease liabilities</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Long-term debt</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

...

Reconciliation of Liabilities Arising from Financing Activities

1 This example illustrates one possible way of providing the disclosures required by paragraphs 55A–55E.

2 The example shows only current period amounts. Corresponding amounts for the preceding period are required to be presented in accordance with PBE IPSAS 1 *Presentation of Financial Reports*.

	<u>20X1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>20X2</u>
			<u>Acquisition</u>	<u>Foreign Exchange Movement</u>	<u>Fair value changes</u>	
<u>Long term borrowings</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Short-term borrowings</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Lease liabilities</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Assets held to hedge long-term borrowings</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Total liabilities from financing activities</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

B. Not-for-Profit Entity

Cash Flow Statement (For an Entity Other Than a Financial Institution)

Direct Method Cash Flow Statement (paragraph 27(a))

...

Notes to the Cash Flow Statement

...

(d) Reconciliation of Liabilities Arising from Financing Activities

	<u>20X1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>20X2</u>
			<u>Acquisition</u>	<u>New leases</u>	
<u>Long-term borrowings</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Lease liabilities</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Long-term debt</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

...

Indirect Method Cash Flow Statement (paragraph 27(b))

Consolidated Cash Flow Statement for Year Ended June 30, 20X2

(in thousands of currency units)

...

Notes to the Cash Flow Statement

...

(c) Reconciliation of Liabilities Arising from Financing Activities

	<u>20X1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>20X2</u>
			<u>Acquisition</u>	<u>New leases</u>	
<u>Long-term borrowings</u>	X	X	X	X	X
<u>Lease liabilities</u>	X	X	X	X	X
<u>Long-term debt</u>	X	X	X	X	X

...

Reconciliation of Liabilities Arising from Financing Activities

1 This example illustrates one possible way of providing the disclosures required by paragraphs 55A–55E.

2 The example shows only current period amounts. Corresponding amounts for the preceding period are required to be presented in accordance with PBE IPSAS 1 *Presentation of Financial Reports*.

	<u>20X1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>20X2</u>
			<u>Acquisition</u>	<u>Foreign Exchange Movement</u>	<u>Fair value changes</u>	
<u>Long term borrowings</u>	X	X	X	X	X	X
<u>Short-term borrowings</u>	X	X	X	X	X	X
<u>Lease liabilities</u>	X	X	X	X	X	X
<u>Assets held to hedge long-term borrowings</u>	X	X	X	X	X	X
<u>Total liabilities from financing activities</u>	X	X	X	X	X	X

PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*

Paragraphs 70A, 70B and the related heading and 72.4 are added. New text is underlined.

Transitional Provisions

...

Foreign Currency Transactions and Advance Consideration **(Amendments made by 2018 Omnibus Amendments to PBE Standards)**

70A. On initial application, an entity shall apply the requirements of Appendix A either:

- (a) Retrospectively applying PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*; or
- (b) Prospectively to all assets, expenses and revenue in the scope of Appendix A initially recognised on or after:
 - (i) The beginning of the reporting period in which the entity first applies Appendix A; or
 - (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies Appendix A.

70B. An entity that applies paragraph 70A(b) shall, on initial application, apply Appendix A to assets, expenses and revenue initially recognised on or after the beginning of the reporting period in paragraph 70A(b)(i) or (ii) for which the entity has recognised non-monetary assets or non-monetary liabilities arising from advance consideration before that date.

Effective Date

...

72.4 *2018 Omnibus Amendments to PBE Standards, issued in November 2018, added paragraphs 70A and 70B and the related heading and Appendix A. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments for a period beginning before 1 January 2019 it shall disclose that fact.*

...

Appendix A is added.

Appendix A

Foreign Currency Transactions and Advance Consideration

This Appendix is an integral part of PBE IPSAS 4.

Introduction

- A1. Paragraph 24 of PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*, requires an entity to record a foreign currency transaction, on initial recognition in its functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency (the exchange rate) at the date of the transaction. Paragraph 25 of PBE IPSAS 4 states that the date of the transaction is the date on which the transaction first qualifies for recognition in accordance with PBE Standards.
- A2. When an entity pays or receives consideration in advance in a foreign currency, it generally recognises a non-monetary asset or non-monetary liability before the recognition of the related asset, expense or revenue. The related asset, expense or revenue (or part of it) is the amount recognised applying relevant Standards, which results in the derecognition of the non-monetary asset or non-monetary liability arising from the advance consideration.

- A3. This Appendix clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue when an entity has received or paid advance consideration in a foreign currency.

Scope

- A4. This Appendix applies to a foreign currency transaction (or part of it) when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or revenue (or part of it).
- A5. This Appendix does not apply when an entity measures the related asset, expense or revenue on initial recognition:
- (a) At fair value; or
 - (b) At the fair value of the consideration paid or received at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability arising from advance consideration (for example, the measurement of goodwill applying PBE IFRS 3 *Business Combinations*).
- A6. An entity is not required to apply this Appendix to:
- (a) Income taxes; or
 - (b) Insurance contracts (including reinsurance contracts) that it issues or reinsurance contracts that it holds.

Application of PBE IPSAS 4 to Foreign Currency Transactions and Advance Consideration

- A7. This Appendix addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.
- A8. Applying paragraphs 24–25 of PBE IPSAS 4, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.
- A9. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

Paragraph BC2 and the related heading are added. New text is underlined.
--

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

BC2. In December 2016 the IASB issued IFRIC 22 *Foreign Currency Transactions and Advance Consideration*. The IPSASB subsequently issued *Improvements to IPSAS, 2018* which incorporated the requirements of IFRIC 22 in IPSAS 4 *The Effects of Changes in Foreign Currency Exchange Rates*. The NZASB amended PBE IPSAS 4 in *2018 Omnibus Amendments to PBE Standards*.

Illustrative Examples IE1–IE19 and the related headings are added.

Illustrative Examples

These Illustrative Examples accompany, but are not part of, PBE IPSAS 4

Foreign Currency Transactions and Advance Consideration

In these Illustrative Examples, foreign currency amounts are 'Foreign Currency' (FC) and functional currency amounts are 'Local Currency' (LC).

IE1. The objective of these examples is to illustrate how an entity determines the date of the transaction when it recognises a non-monetary asset or non-monetary liability arising from advance consideration in a foreign currency before it recognises the related asset, expense or revenue (or part of it) applying relevant PBE Standards.

Example 1—A Single Advance Payment for the Purchase of a Single Item of Property, Plant and Equipment

IE2. On March 1, 20X1, Entity A entered into a contract with a supplier to purchase a machine for use in its operations. Under the terms of the contract, Entity A pays the supplier a fixed purchase price of FC1,000 on April 1, 20X1. On April 15, 20X1, Entity A takes delivery of the machine.

IE3. Entity A initially recognises a non-monetary asset translating FC1,000 into its functional currency at the spot exchange rate between the functional currency and the foreign currency on April 1, 20X1. Applying paragraph 27(b) of PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*, Entity A does not update the translated amount of that non-monetary asset.

IE4. On April 15, 20X1, Entity A takes delivery of the machine. Entity A derecognises the non-monetary asset and recognises the machine as property, plant and equipment applying PBE IPSAS 17 *Property, Plant and Equipment*. On initial recognition of the machine, Entity A recognises the cost of the machine using the exchange rate at the date of the transaction, which is April 1, 20X1 (the date of initial recognition of the non-monetary asset).

Example 2—Multiple Receipts for Revenue Recognised at a Single Point in Time

IE5. On June 1, 20X2, Entity B entered into a contract with a customer to deliver goods on September 1, 20X2. The total fixed contract price is an amount of FC100, of which FC40 is due and received on August 1, 20X2 and the balance is receivable on September 30, 20X2.

IE6. Entity B initially recognises a non-monetary contract liability translating FC40 into its functional currency at the spot exchange rate between the functional currency and the foreign currency on August 1, 20X2. Applying paragraph 27(b) of PBE IPSAS 4, Entity B does not update the translated amount of that non-monetary liability.

IE7. Applying paragraph 28 of PBE IPSAS 9 *Revenue from Exchange Transactions*, Entity B recognises revenue on September 1, 20X2, the date on which it transfers the goods to the customer.

IE8. Entity B determines that the date of the transaction for the revenue relating to the advance consideration of FC40 is August 1, 20X2. Applying paragraph 25 of PBE IPSAS 4, Entity B determines that the date of the transaction for the remainder of the revenue is September 1, 20X2.

IE9. On September 1, 20X2, Entity B:

- (a) Derecognises the contract liability for FC40 and recognises revenue using the exchange rate on August 1, 20X2; and
- (b) Recognises revenue of FC60 and a corresponding receivable using the exchange rate on that date (September 1, 20X2).

IE10. The receivable of FC60 recognised on September 1, 20X2 is a monetary item. Entity B updates the translated amount of the receivable until the receivable is settled.

Example 3—Multiple Payments for Purchases of Services over a Period of Time

IE11. On May 1, 20X3, Entity C entered into a contract with a supplier for services. The supplier will provide the services to Entity C evenly over the period from July 1, 20X3 to December 31, 20X3. The contract requires Entity C to pay the supplier FC200 on June 15, 20X3 and FC400 on December 31, 20X3. Entity C

has determined that, for this contract, the payment of FC200 on June 15, 20X3 relates to the services to be received in the period July 1–August 31, 20X3, and the payment of FC400 on December 31, 20X3 relates to the services to be received in the period September 1–December 31, 20X3.

- IE12. Entity C initially recognises a non-monetary asset translating FC200 into its functional currency at the spot exchange rate between the functional currency and the foreign currency on June 15, 20X3.
- IE13. In the period July 1–August 31, 20X3, Entity C derecognises a non-monetary asset and recognises an expense of FC200 in surplus or deficit as it receives the services from the supplier. Entity C determines that the date of the transaction for the expense related to the advance consideration of FC200 is June 15, 20X3 (the date of initial recognition of the non-monetary asset).
- IE14. In the period September 1–December 31, 20X3, Entity C initially recognises the expense in surplus or deficit as it receives the services from the supplier. In principle, the dates of the transaction are each day in the period September 1–December 31, 20X3. However, if exchange rates do not fluctuate significantly, Entity C may use a rate that approximates the actual rates as permitted by paragraph 25 of PBE IPSAS 4. If that is the case, Entity C, may for example, translate each month’s expense of FC100 ($FC400 \div 4$) into its functional currency using the average exchange rate for each month for the period September 1–December 31, 20X3.
- IE15. As Entity C recognises the expense in the period September 1–December 31, 20X3, it recognises a corresponding liability in respect of its obligation to pay the supplier. The liability is a monetary item. Entity C updates the translated amount of the liability until the liability is settled.

Example 4–Multiple Receipts for Revenue Recognised at Multiple Points in Time

- IE16. On January 1, 20X4, Entity D enters into a contract to sell two products to a customer. Entity D transfers one product on March 1, 20X4 and the second on June 1, 20X4. As required by the contract, the customer pays a fixed purchase price of FC1,000, of which FC200 is due and received in advance on January 31, 20X4 and the balance is due and received on June 1, 20X4.
- IE17. The following facts are relevant:
- The price of the first product is FC450 and the price of the second product is FC550.
 - Entity D has determined that, for this contract, the consideration of FC200 received on January 31, 20X4 relates to the first product transferred on March 1, 20X4. On transfer of that product to the customer, Entity D has an unconditional right to FC250 of the remaining consideration.
- IE18. The spot exchange rates are:

Date	Spot exchange rate FC:LC
January 31, 20X4	1:1.5
March 1, 20X4	1:1.7
June 1, 20X4	1:1.9

- IE19. The following journal entries illustrate how Entity D accounts for the foreign currency aspects of the contract:
- Entity D receives the advance payment of FC200 on January 31, 20X4, which it translates into its functional currency using the exchange rate at January 31, 20X4.

DR Cash (FC200)	LC300
CR Contract Liability (FC200)	LC300
 - Applying paragraph 27(b) of PBE IPSAS 4, Entity D does not update the translated amount of the non-monetary contract liability.
 - Entity D transfers the first product with a price of FC450 on March 1, 20X4. Entity D derecognises the contract liability and recognises revenue of LC300. Entity D recognises the remaining revenue of FC250 relating to the first product and a corresponding receivable, both of which it translates at the exchange rate at the date that it initially recognises the remaining revenue of FC250 i.e., March 1, 20X4.

DR Contract liability (FC200)	LC300	
DR Receivable (FC250)	LC425	
CR Revenue (FC450)		LC725

- (d) The receivable of FC250 is a monetary item. Entity D updates the translated amount of the receivable until the receivable is settled (June 1, 20X4). At June 1, 20X4, the receivable of FC250 is equivalent to LC475. As required by paragraph 32 of PBE IPSAS 4, Entity D recognises an exchange gain of LC50 in surplus or deficit.

DR Receivable	LC50	
CR Revenue		LC50

- (e) Entity D transfers the second product with a price of FC550 on June 1, 20X4. Entity D recognises revenue of FC550 using the exchange rate at the date of the transaction, which is the date that Entity D first recognises this part of the transaction in its financial statements, i.e. June 1, 20X4.
- (f) Entity D also receives the remaining consideration of FC800 on June 1, 20X4. FC250 of the consideration received settles the receivable of FC250 arising on the transfer of the first product. Entity D translates the cash at the exchange rate at June 1, 20X4.

DR Cash (FC800)	LC1,520	
CR Receivable (FC250)		LC475
CR Revenue (FC550)		LC1,045

PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS*

Paragraph 42.7 is added. New text is underlined.

Effective Date

...

42.7 2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraph C1 and added paragraph C32. An entity shall apply those amendments when it applies Appendix A of PBE IPSAS 4.

Paragraph C1(r) is added and paragraph C32 and its related heading are added.
New text is underlined and deleted text is struck through.

Appendix C

Exemptions from other PBE Standards

This Appendix is an integral part of PBE FRS 47.

C1. An entity may elect to use one or more of the following exemptions:

...

- (p) Intangible assets (paragraph C30); ~~and~~
- (q) Joint arrangements (paragraph C31); ~~and~~
- (r) Foreign currency transactions and advance consideration (paragraph C32).

...

Foreign Currency Transactions and Advance Consideration

C32. A first-time adopter need not apply Appendix A of PBE IPSAS 4 to assets, expenses and revenue in the scope of Appendix A initially recognised before the date of transition to PBE Standards.

Paragraph BC10 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

BC10. In December 2016 the IASB issued IFRIC 22 *Foreign Currency Transactions and Advance Consideration* and amended IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The IPSASB subsequently issued *Improvements to IPSAS, 2018* which incorporated the requirements of IFRIC 22 in *IPSAS 4 The Effects of Changes in Foreign Exchange Rates* and amended *IPSAS 33 First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*. The NZASB amended *PBE IPSAS 4 The Effects of Changes in Foreign Exchange Rates* and *PBE FRS 47 in 2018 Omnibus Amendments to PBE Standards*.

PBE IPSAS 5 *Borrowing Costs*

Paragraph 25 is amended and paragraphs 41A and 43.4 are added. New text is underlined and deleted text is struck through.

Borrowing Costs Eligible for Capitalisation

...

25. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation shall be determined by applying a capitalisation rate to the outlays on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to ~~the~~ all borrowings of the entity that are outstanding during the period, ~~other than borrowings.~~ However, an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs capitalised during a period shall not exceed the amount of borrowing costs incurred during that period.

...

Transitional Provisions

...

- 41A. 2018 Omnibus Amendments PBE Standards, issued in November 2018, amended paragraph 25. An entity shall apply those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

...

Effective Date

...

- 43.4 2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraph 25 and added paragraph 41A. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments for a period beginning before 1 January 2019 it shall disclose that fact.

Paragraph BC2 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

- BC2. In December 2017 the IASB issued *Annual Improvements to IFRS® Standards 2015–2017 Cycle* which amended IAS 23 *Borrowing Costs*. The amendments clarified that that an entity includes borrowings made specifically to obtain a qualifying asset in general borrowings when that qualifying asset is ready for its intended use or sale. The IPSASB subsequently issued *Improvements to IPSAS, 2018* which incorporated equivalent amendments in IPSAS 5 *Borrowing Costs*. The NZASB amended PBE IPSAS 5 in *2018 Omnibus Amendments to PBE Standards*.

PBE IPSAS 10 *Financial Reporting in Hyperinflationary Economies*

Paragraph 9 is amended and paragraph 39.2 is added. New text is underlined and deleted text is struck through.

The Restatement of Financial Statements

9. In a hyperinflationary economy, financial statements are useful only if they are expressed in terms of the measuring unit current at the reporting date. As a result, this Standard applies to the ~~primary~~ financial statements of entities reporting in the currency of a hyperinflationary economy. Presentation of the information required by this Standard as a supplement to unrestated financial statements is not permitted. Furthermore, separate presentation of the financial statements before restatement is discouraged.

...

Effective Date

...

- 39.2 2018 Omnibus Amendments to PBE Standards, issued in November 2018 amended paragraph 9. An entity shall apply that amendment for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted.**

Paragraph BC2 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

- BC2. In November 2018 the IPSASB issued *Improvements to IPSAS, 2018* which amended IPSAS 10 *Financial Reporting in Hyperinflationary Economies* by replacing the term “primary financial statements” (which is not defined in IPSAS) with the term “financial statements” (which is a defined term). The NZASB amended PBE IPSAS 10 in *2018 Omnibus Amendments to PBE Standards*.**

PBE IPSAS 16 *Investment Property*

Paragraphs 66 and 68 are amended and paragraphs 100A–100C and 102.5 are added.
New text is underlined and deleted text is struck through.

Transfers

66. ~~Transfers~~ An entity shall transfer a property to or from investment property ~~shall be made when, and only when, there is a change in use, evidenced by. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. Examples of evidence of a change in use include:~~
- (a) Commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property;
 - (b) Commencement of development with a view to sale, for a transfer from investment property to inventories;
 - (c) End of owner-occupation, for a transfer from owner-occupied property to investment property; ~~or~~ and
 - (d) ~~Commencement~~ Inception of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property.
 - (e) [Deleted by IPSASB]

...

68. ~~Paragraph 66(b) requires an entity to transfer a property from investment property to inventories when, and only when, there is a change in use, evidenced by commencement of development with a view to sale. When an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised (eliminated from the statement of financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment.~~

...

Transitional Provisions

...

Transfers of Investment Property

100A. 2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraphs 66 and 68. An entity shall apply those amendments to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application). At the date of initial application, an entity shall reassess the classification of property held at that date and, if applicable, reclassify property applying paragraphs 9–18 to reflect the conditions that exist at that date.

100B. Notwithstanding the requirements in paragraph 100A, an entity is permitted to apply the amendments to paragraphs 66 and 68 retrospectively in accordance with PBE IPSAS 3 if, and only if, that is possible without the use of hindsight.

100C. If, in accordance with paragraph 100A, an entity reclassifies property at the date of initial application, the entity shall:

- (a) Account for the reclassification applying the requirements in paragraphs 70–75. In applying paragraphs 70–75, an entity shall:
 - (i) Read any reference to the date of change in use as the date of initial application; and
 - (ii) Recognise any amount that, in accordance with paragraphs 70–75, would have been recognised in surplus or deficit as an adjustment to the opening balance of accumulated surplus or deficit at the date of initial application.
- (b) Disclose the amounts reclassified to, or from, investment property in accordance with paragraph 100A. The entity shall disclose those amounts reclassified as part of the reconciliation of

the carrying amount of investment property at the beginning and end of the period as required by paragraphs 87 and 90.

...

Effective Date

...

102.5 2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraphs 66 and 68 and added paragraphs 100A–100C. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments for a period beginning before 1 January 2019 it shall disclose that fact.

Paragraph BC9 and the related heading are added. New text is underlined.
--

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

BC9. In December 2016 the IASB issued *Transfers of Investment Property* (Amendments to IAS 40). The IPSASB subsequently issued *Improvements to IPSAS, 2018* which incorporated equivalent amendments in IPSAS 16 *Investment Property*. The NZASB amended PBE IPSAS 16 in *2018 Omnibus Amendments to PBE Standards*.

PBE IPSAS 22 *Disclosure of Financial Information about the General Government Sector*

Paragraph 37 is amended and paragraph 47.4 is added. New text is underlined and deleted text is struck through.

Disclosures

...

37. This Standard requires disclosure of the major classes of assets, liabilities, revenues, expenses, and cash flows reflected in the financial statements. This Standard does not specify the manner in which the GGS disclosures shall be made. Governments electing to make GGS disclosures in accordance with this Standard may make such disclosures by way of (a) note disclosure, (b) separate columns in the ~~primary~~ financial statements, or (c) otherwise, as considered appropriate in their jurisdiction. However, the manner of presentation of the GGS disclosures will be no more prominent than the consolidated financial statements prepared in accordance with PBE Standards.

...

Effective Date

...

- 47.4 2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraph 37. An entity shall apply this amendment for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted.**

Paragraph BC4 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

- BC4. In November 2018 the IPSASB issued *Improvements to IPSAS, 2018* which amended *IPSAS 22 Disclosure of Financial Information about the General Government Sector* by replacing the term “primary financial statements” (which is not defined in IPSAS) with the term “financial statements” (which is a defined term). The NZASB amended PBE IPSAS 22 in *2018 Omnibus Amendments to PBE Standards*.**

PBE IPSAS 34 *Separate Financial Statements*

Paragraphs 22 and 30 are amended and paragraph 32.3 is added. New text is underlined and deleted text is struck through.

Disclosure

...

22. ~~If a controlling entity that is not itself an investment entity is required in accordance with paragraph 5658 of PBE IPSAS 35, to measure the investments of a controlled investment entity at fair value through surplus or deficit in accordance with PBE IPSAS 29 and consolidate the other assets and liabilities and revenue and expenses of the controlled investment entity, it shall disclose that fact. The entity shall also~~ it shall disclose its accounting policy choice for measuring its investment in the investment entity in its separate financial statements, and present the disclosures relating to investment entities required by PBE IPSAS 38.

...

Transitional Provisions

...

30. At the date of initial application, a controlling entity that is not itself an investment entity but which is required, in accordance with paragraph 1458 of ~~this Standard~~ PBE IPSAS 35, to measure its investment in a controlled investment entity at fair value through surplus or deficit in accordance with PBE IPSAS 29, shall use the transitional provisions in paragraphs 24–29 in accounting for its investment in the controlled investment entity in its separate financial statements.

...

Effective Date

...

- 32.3 2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraphs 22 and 30. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments for a period beginning before 1 January 2019 it shall disclose that fact.

Paragraph BC6 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

- BC6. In November 2018 the IPSASB issued *Improvements to IPSAS, 2018* to correct some of the requirements in IPSAS 34 *Separate Financial Statements* in relation to a controlling entity with controlled investment entities which is not itself an investment entity. The NZASB had already addressed some of these issues when it first issued PBE IPSAS 34 (see paragraph BC3 above). In 2018 the NZASB aligned the requirements in PBE IPSAS 34 with the corrected requirements in IPSAS 34.

PBE IPSAS 36 *Investments in Associates and Joint Ventures*

Paragraph 24 is amended and paragraph 51.3 is added. New text is underlined and deleted text is struck through.

Exemptions from Applying the Equity Method

...

24. When an investment in an associate or joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that ~~investments in those associates and joint ventures~~ at fair value through surplus or deficit in accordance with PBE IPSAS 29. An entity shall make

this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. An investment entity will, by definition, have made this election for its investments.

...

Effective Date

...

51.3 2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraph 24. An entity shall apply that amendment retrospectively in accordance with PBE IPSAS 3 for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies that amendment for a period beginning before 1 January 2019 it shall disclose that fact.

Paragraphs BC4 and BC5 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

BC4. In December 2016 the IASB issued *Annual Improvements to IFRS Standards 2014–2016 Cycle* which amended paragraphs 18 and 36A of IAS 28 *Investments in Associates and Joint Ventures*. The amendments to paragraph 18 clarified that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, on initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture. The IPSASB subsequently issued *Improvements to IPSAS, 2018* which amended paragraph 24 of IPSAS 36 *Investments in Associates and Joint Ventures* in a manner consistent with the amendments to paragraph 18 of IAS 28. The NZASB amended paragraph 24 of PBE IPSAS 36 in *2018 Omnibus Amendments to PBE Standards*.

BC5. The amendments to paragraph 36A of IAS 28 were not relevant for IPSAS 36 or PBE IPSAS 36 because the requirements for entities that have investments in investment entities, but which are not themselves investment entities, differ between IAS 28 and IPSAS 36/PBE IPSAS 36.

PBE IPSAS 37 Joint Arrangements

Paragraph 43.3 is added. New text is underlined.

Effective Date

...

43.3 2018 Omnibus Amendments to PBE Standards, issued in November 2018, added paragraph AG33.3A. An entity shall apply that amendment to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies that amendments earlier, it shall disclose that fact.

Paragraph AG33.3A is added. New text is underlined.

Application Guidance

This Appendix is an integral part of PBE IPSAS 37.

...

Financial Statements of Parties to a Joint Arrangement (paragraphs 23–28)

Accounting for Acquisitions of Interests in Joint Operations

...

AG33.3A A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes an operation as defined in PBE IFRS 3. In such cases, previously held interests in the joint operation are not remeasured.

...

Paragraph BC4 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

BC4. In December 2017 the IASB issued *Annual Improvements to IFRS® Standards 2015–2017 Cycle* which amended IFRS 11 *Joint Arrangements*. That amendment clarified that when an entity obtains control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The IPSASB subsequently issued *Improvements to IPSAS, 2018* which incorporated equivalent amendments in *IPSAS 37 Joint Arrangements*. The NZASB amended PBE IPSAS 37 in *2018 Omnibus Amendments to PBE Standards*.

PBE IPSAS 39 *Employee Benefits*

Paragraphs 59, 101, 122, 125, 127, 128 and 159 are amended and paragraphs 103A, 124A, 125A and 177.1 and a new heading before paragraph 124A are added. New text is underlined and deleted text is struck through.

Post-employment Benefits—Defined Benefit Plans

...

Recognition and Measurement

...

59. Accounting by an entity for defined benefit plans involves the following steps:

...

(c) Determining amounts to be recognised in surplus or deficit:

(i) Current service cost (see paragraphs 72–76 and paragraph 124A).

...

Past Service Cost and Gains and Losses on Settlement

101. ~~Before~~ When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

(a) ~~¶The benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and~~

(b) The benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

...

103A. When a plan amendment, curtailment or settlement occurs, an entity shall recognise and measure any past service cost, or a gain or loss on settlement, in accordance with paragraphs 101–103 and paragraphs 104–114. In doing so, an entity shall not consider the effect of the asset ceiling. An entity shall then determine the effect of the asset ceiling after the plan amendment, curtailment or settlement and shall recognise any change in that effect in accordance with paragraph 59(d).

...

Components of Defined Benefit Cost

122. An entity shall recognise the components of defined benefit cost, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

(a) Service cost (see paragraphs 68–114 and paragraph 1214A) in surplus or deficit;

...

Current Service Cost

124A. An entity shall determine current service cost using actuarial assumptions determined at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 101, it shall determine the current service cost for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with paragraph 101(b).

Net Interest on the Net Defined Benefit Liability (Asset)

125. An entity shall determine ~~Net interest on the net defined benefit liability (asset) shall be determined by multiplying the net defined benefit liability (asset) by the discount rate specified in paragraph 85, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.~~

125A. To determine net interest in accordance with paragraph 125, an entity shall use the net defined benefit liability (asset) and the discount rate determined at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 101, the entity shall determine net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using:

(a) The net defined benefit liability (asset) determined in accordance with paragraph 101(b); and

(b) The discount rate used to remeasure the net defined benefit liability (asset) in accordance with paragraph 101(b).

In applying paragraph 125A, the entity shall also take into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

...

127. Interest revenue on plan assets is a component of the return on plan assets, and is determined by multiplying the fair value of the plan assets by the discount rate specified in paragraph 125A. ~~85, both as determined~~ An entity shall determine the fair value of the plan assets at the start of the reporting period, taking account of any changes in the plan assets held during the period as a result of contributions and benefit payments. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 101, the entity shall determine interest revenue for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the plan assets used to remeasure the net defined benefit liability (asset) in accordance with paragraph 101(b). In applying paragraph 127, the entity shall take into account any changes in the plan assets held during the period resulting from contributions or benefit payments. The difference between the interest revenue on plan assets and the return on plan assets is included in the remeasurement of the net defined benefit liability (asset).

128. Interest on the effect of the asset ceiling is part of the total change in the effect of the asset ceiling, and is determined by multiplying the effect of the asset ceiling by the discount rate specified in paragraph 125A. ~~85, both as determined at the start of the reporting period.~~ An entity shall determine the effect of the asset ceiling at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 101, the entity shall determine interest on the effect of the asset ceiling for the remainder of the annual reporting period after the plan amendment, curtailment or settlement taking into account any change in the effect of the asset ceiling determined in accordance with paragraph 103A. The difference between ~~that amount~~ interest on the effect of the asset ceiling and the total change in the effect of the asset ceiling is included in the remeasurement of the net defined benefit liability (asset).

...

Other Long-Term Employee Benefits

...

Recognition and Measurement

...

159. For other long-term employee benefits, an entity shall recognise the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

(a) Service cost (see paragraphs 68–114 and paragraph 124A);

...

Effective Date

177.1 2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraphs 59, 101, 122, 125, 127, 128 and 159 and added paragraphs 103A, 124A and 125A. An entity shall apply those amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier it shall disclose that fact.

Paragraph BC4 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

BC4. In February 2018 the IASB issued *Plan Amendment, Curtailment or Settlement* (Amendments to IAS 19). Those amendments require that an entity use the updated assumptions from the remeasurement associated with a change to a plan (an amendment, curtailment or settlement) to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. The IPSASB subsequently issued *Improvements to IPSAS, 2018* which incorporated equivalent amendments in *IPSAS 39 Employee Benefits*. The NZASB amended PBE IPSAS 39 in *2018 Omnibus Amendments to PBE Standards*.

PBE IFRS 3 *Business Combinations*

Paragraphs 42A and 64.7 are added. New text is underlined.

Additional Guidance for Applying the Acquisition Method to Particular Types of Business Combinations

A Business Combination Achieved in Stages

...

42A. When a party to a joint arrangement (as defined in PBE IPSAS 37 *Joint Arrangements*) obtains control of an operation that is a joint operation (as defined in PBE IPSAS 37), and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer shall therefore apply the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation in the manner described in paragraph 42. In doing so, the acquirer shall remeasure its entire previously held interest in the joint operation.

...

Effective Date

...

64.7 *2018 Omnibus Amendments to PBE Standards, issued in November 2018, added paragraph 42A. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.*

...

Paragraph BC6 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

BC6. In December 2017 the IASB issued *Annual Improvements to IFRS® Standards 2015–2017 Cycle* which amended IFRS 3 *Business Combinations*. The amendments clarified that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The IPSASB subsequently issued *Improvements to IPSAS, 2018* which incorporated equivalent amendments in IPSAS 40 *Public Sector Combinations*. The NZASB incorporated equivalent amendments in PBE IFRS 3, pending the development of a PBE Standard based on IPSAS 40.

Part D: Amendments arising from IASB® amendments

PBE IAS 12 *Income Taxes*

Paragraphs 57A and 98.7 are added. The heading of the example below paragraph 52B is amended. Paragraph 52B is deleted. New text is underlined and deleted text is struck through.

Measurement

...

52B. ~~[Deleted by IASB] In the circumstances described in paragraph 52A, the income tax consequences of dividends are recognised when a liability to pay the dividend is recognised. The income tax consequences of dividends are more directly linked to past transactions or events than to distributions to owners. Therefore, the income tax consequences of dividends are recognised in surplus or deficit for the period as required by paragraph 58 except to the extent that the income tax consequences of dividends arise from the circumstances described in paragraph 58(a) and (b).~~

Example Illustrating Paragraphs 52A and ~~52B~~57A

...

...

Recognition of Current and Deferred Tax

...

57A. An entity shall recognise the income tax consequences of dividends when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognise the income tax consequences of dividends in surplus or deficit, other comprehensive revenue and expense or net assets/equity according to where the entity originally recognised those past transactions or events.

...

Effective Date

...

98.7 2018 Omnibus Amendments to PBE Standards, issued in November 2018, added paragraph 57A and deleted paragraph 52B. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact. When an entity first applies those amendments, it shall apply them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Paragraph BC5 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

BC5. In December 2017 the IASB issued *Annual Improvements to IFRS® Standards 2015–2017 Cycle* which amended IAS 12 *Income Taxes*. The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends – the amendments moved the requirements away from paragraph 52A (as that paragraph deals only with situations where there are different tax rates for distributed and undistributed profits). The NZASB subsequently issued *2018 Omnibus Amendments to PBE Standards* which incorporated equivalent amendments in PBE IAS 12.

PBE IPSAS 38 *Disclosure of Interests in Other Entities*

Paragraphs 5A and 61.4 are added. New text is underlined.

Scope

...

5A. Except as described in paragraph AG16.1, the requirements in this Standard apply to an entity's interests listed in paragraph 5 that are classified (or included in a disposal group that is classified) as held for sale or discontinued operations in accordance with PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

...

Effective Date

...

61.4 **2018 Omnibus Amendments to PBE Standards, issued in November 2018, added paragraph 5A and amended paragraph AG16.1. An entity shall apply those amendments retrospectively in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual financial statements covering periods beginning on or after 1 January 2019.**

In Appendix A, paragraph AG16.1 is amended. Deleted text is struck through and new text is underlined.

Summarised Financial Information for Controlled Entities, Joint Ventures and Associates (paragraphs 19 and 36)

...

*AG16.1 When an entity's interest in a controlled entity, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the entity is not required to disclose summarised financial information for that controlled entity, joint venture or associate in accordance with paragraphs AG10–AG16.

Paragraph BC5 and the related heading are added. New text is underlined.

Basis for Conclusions

...

2018 Omnibus Amendments to PBE Standards

BC5. In December 2016 the IASB issued *Annual Improvements to IFRS Standards 2014–2016 Cycle* which amended IFRS 12 *Disclosure of Interests in Other Entities*. The amendments clarified the scope of IFRS 12 by specifying which disclosure requirements in the Standard apply to an entity's interests in other entities that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The NZASB subsequently issued *2018 Omnibus Amendments to PBE Standards* which incorporated equivalent amendments in PBE IPSAS 38.

Part E: Other New Zealand amendments

PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Paragraph 31 is amended and paragraph 44.7 is added. New text is underlined and deleted text is struck through.

Presenting Discontinued Operations

31. A component of an entity comprises operations or cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. In other words, a component of an entity may~~will~~ have been a cash-generating unit or a group of cash-generating units while being held for use.

...

Effective Date

...

44.7 2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraph 31.

PBE IAS 34 *Interim Financial Reporting*

Paragraph 33 is amended and paragraph 49.10 is added. New text is underlined and deleted text is struck through.

33. An essential characteristic of revenue and expenses is that the related inflows and outflows of assets and liabilities have already taken place. If those inflows or outflows have taken place, the related revenue and expense are recognised; otherwise they are not recognised. ~~The PBE Conceptual Framework says that “expenses are recognised in the financial statements when there is a decrease in the net financial position of the entity, other than decreases arising from ownership distributions and this decrease can be measured in a way that achieves the qualitative characteristics and takes account of constraints in information in GPFs....[The] PBE Conceptual Framework generally² does not allow the recognition of items which do not meet the definition of assets or liabilities.”~~

² Footnote 2 not shown

...

Effective Date

...

49.10 *2018 Omnibus Amendments to PBE Standards, issued in November 2018, amended paragraph 33.*

PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRS*

Paragraphs 1, 3, 5, the definitions in paragraph 9, and paragraph 19 are amended. Paragraph 43.2 is added. Paragraph 11 and paragraphs 30–39 (and their associated headings) are deleted. New text is underlined and deleted text is struck through.

Objective

1. The objective of this Standard is to set out the transitional provisions for the first-time application of Public Benefit Entity Standards (PBE Standards) by a Tier 1 or Tier 2 public benefit entity that previously applied ~~NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep~~ or NZ IFRS RDR.

Scope

...

3. **This Standard applies where an entity previously presented general purpose financial statements that complied with ~~NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep~~ or NZ IFRS RDR in the immediately preceding period.**

...

5. **An entity that previously applied this Standard or previously presented general purpose financial statements that complied with ~~NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep~~ or NZ IFRS RDR but not in the immediately preceding period and is transitioning again to Tier 1 PBE Standards or Tier 2 PBE Standards shall apply PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS*.**

...

Definitions

9. The following terms are used in this Standard with the meanings specified:

...

~~**NZ IFRS Diff Rep comprises NZ IFRS with differential reporting recognition, measurement and disclosure concessions.**~~

NZ IFRS PBE comprises NZ IFRS with PBE modifications.

...

General Principles and Exceptions

- ...11. [Deleted]Except where otherwise required by PBE Standards, and subject to the provisions in paragraph 13, paragraph 17 and paragraphs 22–39 of this Standard, an entity that previously qualified for and applied differential reporting concessions under NZ IFRS shall apply the same recognition and measurement policies for those transactions and events in its first set of financial statements under PBE Standards.

...

19. An entity is required to present all comparative information in accordance with PBE Standards. ~~This includes the presentation of a comparative cash flow statement in accordance with PBE IPSAS 2 *Cash Flow Statements* where an entity had previously qualified for, and applied, the differential reporting concession in NZ IAS 7 *Statement of Cash Flows* not to present such a statement.~~

...

~~Specific Transitional Provisions—Entities Previously Applying Differential Reporting Concessions~~

~~30–39 [Deleted]~~

30. ~~**On first-time adoption of PBE Standards, an entity that previously qualified for, and applied, any of the recognition and measurement differential reporting concessions available under NZ IFRS PBE**~~

~~or NZ IFRS Diff Rep shall change its accounting policies to comply with PBE Standards. The entity shall disclose the accounting policy previously applied under NZ IFRS PBE or NZ IFRS Diff Rep and restate the comparative information in accordance with paragraph 18 of this Standard.~~

31. ~~Appendix A of this Standard sets out the recognition and measurement differential reporting concessions previously available under NZ IFRS PBE and NZ IFRS Diff Rep but which are not available under PBE Standards.~~
32. ~~An entity previously applying recognition and measurement differential reporting concessions permitted by NZ IAS 16 (PBE) *Property, Plant and Equipment*, NZ IAS 21 (PBE) *The Effects of Changes in Foreign Exchange Rates*, NZ IAS 38 (PBE) *Intangible Assets* and NZ IAS 41 (PBE) *Agriculture* shall either:~~
- ~~(a) Apply the requirements of the relevant Standards retrospectively in accordance with PBE IPSAS 3; or~~
 - ~~(b) Apply the transitional provisions in paragraphs 33–39 of this Standard when it first applies PBE Standards.~~

NZ IAS 16 (PBE) Property, Plant and Equipment

33. ~~An entity that previously applied the differential reporting concession permitted by NZ IAS 16 (PBE) *Property, Plant and Equipment* to use income tax rates of depreciation for property, plant and equipment for financial reporting purposes shall treat the change in depreciation rate for property, plant and equipment as a change in accounting estimate as at the date of transition to PBE Standards in accordance with PBE IPSAS 3 (paragraphs 37–45).~~

NZ IAS 21 (PBE) The Effects of Changes in Foreign Exchange Rates

34. ~~An entity that previously applied the differential reporting concession permitted by NZ IAS 21 (PBE) *The Effects of Changes in Foreign Exchange Rates* to translate a transaction measured in a foreign currency using an exchange rate at settlement date rather than an exchange rate at transaction date need not restate the transactions recognised in the periods prior to the date of transition to PBE Standards to comply with PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*. An entity may apply PBE IPSAS 4 prospectively from the date of transition to PBE Standards.~~

NZ IAS 38 (PBE) Intangible Assets

35. ~~An entity that previously applied the differential reporting concession permitted by NZ IAS 38 (PBE) *Intangible Assets* to expense all development costs in the period in which they were incurred need not apply PBE IPSAS 31 *Intangible Assets* to those expenses recognised in the periods prior to the date of transition to PBE Standards. An entity may apply PBE IPSAS 31 prospectively from the date of transition to PBE Standards.~~
36. ~~An entity that previously applied the differential reporting concession permitted by NZ IAS 38 (PBE) in relation to the amortisation of software (that is, to amortise software using the rates adopted for income tax purposes in allocating the depreciable amount of software over its useful life) shall treat the change in amortisation rate for software as a change in accounting estimate as at the date of transition to PBE Standards in accordance with PBE IPSAS 3 (paragraphs 37–45).~~

NZ IAS 41 (PBE) Agriculture

37. ~~An entity that previously applied the differential reporting concessions permitted by NZ IAS 41 (PBE) *Agriculture* for the measurement of biological assets and/or the measurement of agricultural produce:~~
- ~~(a) Shall, on adoption of PBE IPSAS 27 *Agriculture*, measure biological assets in accordance with PBE IPSAS 27 at the date of transition to PBE Standards; and~~
 - ~~(b) May, on adoption of PBE IPSAS 27 and in any subsequent reporting period, measure the cost of agricultural produce harvested from the entity's biological assets prior to the date of transition to PBE Standards using the previously determined amount for the purposes of PBE IPSAS 12 *Inventories* (rather than measuring the cost of inventories at fair value less estimated point-of-sale costs at the point of harvest).~~
38. ~~The provision in paragraph 37(b) is available only in respect of agricultural produce that had been previously recognised and measured in accordance with the differential reporting concessions in~~

~~NZ IAS 41 (PBE). It does not apply to agricultural produce harvested subsequent to the date of transition to PBE Standards.~~

~~39. Where previously recognised agricultural produce is measured using cost in accordance with paragraph 37(b) of this Standard, the entity shall apply PBE IPSAS 12 (paragraphs 38–42) to that agricultural produce in each subsequent reporting period to ensure that the inventory is measured at the lower of cost and net realisable value.~~

...

Effective Date

...

43.2 2018 Omnibus Amendments to Tier 1 and Tier 2 PBE Standards, issued in November 2018, amended paragraphs 1, 3, 5, 9 and 19, and deleted paragraphs 11, 30–39 and Appendix A.

The footnote to paragraph BC4 is amended. Paragraph BC8 and the related heading are added. New text is underlined and deleted text is struck through.

Basis for Conclusions

...

BC4. The NZASB did not anticipate that the adoption of PBE Standards, by those entities previously applying standards in the NZ IFRS suites of standards¹ would result in many changes to accounting policies because most IPSASs are based on International Financial Reporting Standards (IFRSs).

¹ ~~The NZ IFRS suites of standards at the time FRS 46 was issued included the various sets of standards based on IFRS that will exist at the time of transition, including NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep and NZ IFRS RDR. NZ IFRS PBE and NZ IFRS Diff Rep were subsequently withdrawn.~~

...

2018 Omnibus Amendments to PBE Standards

BC8. 2018 Omnibus Amendments to PBE Standards amended PBE FRS 46 by removing references NZ IFRS PBE and NZ IFRS Diff Rep. These suites of standards were in use at the time that PBE FRS 46 was first issued but were subsequently withdrawn.

Appendix A is deleted.

Appendix A

Recognition and Measurement Differential Reporting Concessions Previously Available Under NZ IFRS PBE and NZ IFRS Diff Rep

[Deleted]

...

Part F: Editorial Corrections

The following editorial corrections have been identified by the NZASB.

New text is underlined and deleted text is struck through.

Standard	Paragraph	Amendment
PBE IPSAS 3 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	26	In the absence of a PBE Standard that specifically applies to a transaction, other event, or condition, management may, in accordance with paragraph 44 <u>15</u> , apply an accounting policy from (a) the most recent pronouncements of other standard-setting bodies, and (b) accepted practices for public benefit entities, or in the absence of such practices accepted practices for for-profit entities, but only to the extent that these are consistent with paragraph 44 <u>15</u> . Examples of such pronouncements include standards and interpretations issued by the International Accounting Standards Board. If, following an amendment of such a pronouncement, the entity chooses to change an accounting policy, that change is accounted for and disclosed as a voluntary change in accounting policy.
PBE IPSAS 11 <i>Construction Contracts</i>	IG24	<i>Duplicated text is being deleted as shown.</i> The status of three construction contracts in progress at the end of Year 1 is as follows: ... The amounts to be disclosed in accordance with the standard are as follows: Contract revenue recognised as revenue in the period (para 50(a)) 575 Contract costs incurred to date (para 51(a)) (there are no recognised surpluses/less recognised deficits) 1,070 Gross amount due from contract customers for contract work (determined in accordance with paragraph 54 and presented as an asset in accordance with paragraph 53(a)). 150
PBE IPSAS 17 <i>Property, Plant and Equipment</i>	AG1	PBE Standards define fair value as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. An entity that elects to measure a class of property, plant and equipment using the revaluation model, as permitted by paragraph 44 of this Standard, may need to estimate the fair value of certain assets. This Application Guidance provides guidance on the estimation of fair value using the depreciated replacement cost method ² in the circumstances permitted by paragraph 48 of this Standard. ² Paragraphs AG11–AG17, AG19–AG20 and AG22 are largely based upon guidance from Technical Information Paper 2 <i>The Cost Approach for Tangible Assets</i> , published by the International Valuation Standards Council in 2012.
PBE IPSAS 22 <i>Disclosure of Financial Information about the General Government Sector</i>	36	PBE IPSAS 1 <i>Presentation of Financial Statements</i> ¹ identifies a complete set of financial statements...

¹ This reference to the title of PBE IPSAS 1 is added to the list of Generic amendments to PBE Standards in Appendix A of PBE FRS 48.

Standard	Paragraph	Amendment
PBE IPSAS 32 <i>Service Concession Arrangements: Grantor</i>	AG49	...The grantor compensates the operator only to the extent of the usage of the service concession asset, and accounts for such payments as expenses in accordance with PBE IPSAS 1 <u><i>Presentation of Financial Statements</i></u> . ²
PBE IPSAS 35 <i>Consolidated Financial Statements</i>	Example 8A	Through its appointees on the board, the housing agency has the ability to use its power to affect the nature and/or amount of its benefits from the association.
	Example 35	(c) The provincial government can use its power over the trust to affect the nature and/or amount of the trust's benefits.
	Example 37	As the Health Department also has the ability to use its power over the authority to affect the nature and/or amount of the Department'
PBE IFRS 3 <i>Business Combinations</i>	64.4	PBE IPSAS 35 <i>Consolidated Financial Statements</i> and PBE IPSAS 37 <i>Joint Ventures</i> , issued in January 2017...
	B67(d)(iii)	A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately: (iii) Adjustments resulting from the subsequent recognition of deferred tax assets during the reporting period in accordance with paragraph 67.
	B63	Examples of other PBE Standards that provide guidance on subsequently measuring and accounting for assets acquired and liabilities assumed or incurred in a business combination include: ... (d) (e) [Not used] (e) <u>PBE IPSAS 35 provides guidance on accounting for changes in a controlling entity's ownership interest in a controlled entity after control is obtained.</u>
	Definitions 2.4	Definitions ... Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
PBE IFRS 9 <i>Financial Instruments</i>	Appendix D	PBE IFRS 9 Appendix D <i>Amendments to other Standards</i> added paragraph 49M to PBE IPSAS 30 <i>Financial Instruments: Disclosures</i> . Paragraph 49M should read: ... *49M. When required by paragraph 49K, an entity shall disclose the following for financial assets and financial liabilities that have been reclassified so that they are measured at amortised cost and, in the case of financial assets, that have been reclassified out of fair value through surplus of or deficit ...

² This reference to the title of PBE IPSAS 1 is added to the list of Generic amendments to PBE Standards in Appendix A of PBE FRS 48.

Standard	Paragraph	Amendment
PBE IAS 12 <i>Income Taxes</i>	29	(i) This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences; <u>and</u> (ii) Ignores taxable amounts arising from deductible temporary differences that are expected to originate in future periods, because the deferred tax asset arising from these deductible temporary differences will itself require future taxable profit in order to be utilised; <u>or</u>
	81*(ab)	The amount of income tax relating to each component of other comprehensive revenue and expense (see paragraph 62 of PBE IPSAS 1 <u>Presentation of Financial Statements</u>).
PBE FRS 47 <i>First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS</i>	RDR 8.1	(c) Its first set of prospective financial statements presented in accordance with PBE FRS 42 Prospective Financial Statements where an entity ...

Part G Effective date

Except as noted below, the amendments in this Standard are effective for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted.

The amendments to PBE IPSAS 2 *Cash Flow Statements* are effective for annual financial statements covering periods beginning on or after 1 January 2021. Earlier application is permitted.

The amendments to PBE IPSAS 38 *Disclosure of Interests in Other Entities* are to be applied retrospectively for annual financial statements covering periods beginning on or after 1 January 2019.

The amendments to PBE IFRS 3 *Business Combinations* are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.