

**New Zealand Accounting Standards Board**

**Minutes of the Meeting held Thursday 13 December 2018  
at XRB Office, Level 7, 50 Manners St, Wellington, commencing at 9.25am**

- Members present:** Kimberley Crook  
Todd Beardsworth  
Nives Botica-Redmayne  
Francis Caetano  
Charles Hett  
Karl Hickey  
Kris Peach (via teleconference)  
Angela Ryan  
Richard Smyth
- Apologies:** Nives Botica-Redmayne (from 2.30pm to 3pm)  
Lyn Hunt
- Guests:** Andrew Phillips – Manager, Engagement and Business Improvement,  
Charities Services (for agenda item 6)  
Jamie Cattell – Senior Accountant, Charities Services (for agenda  
item 6)
- Observers:** AASB staff observed for agenda items 3–5 and 7–10  
Nicola Hankinson – National Technical Director, Staples Rodway  
(agenda item 8)
- In attendance:** Warren Allen – Chief Executive (via videoconference except between  
9.55am and 11.40am)  
Anthony Heffernan – Director, Accounting Standards  
David Bassett – Deputy Director, Accounting Standards  
Tracey Crookston – Project Manager, Accounting Standards  
Lisa Kelsey – Senior Project Manager, Accounting Standards (via  
videoconference from 11.15am)  
Aimy Luu Huynh – Senior Project Manager, Accounting Standards  
Grace Magee – Researcher  
Judith Pinny – Project Manager, Accounting Standards  
Joanne Scott – Senior Project Manager, Accounting Standards  
Vanessa Sealy-Fisher – Senior Project Manager, Accounting  
Standards  
Gali Slyuzberg – Manager, Financial Accounting Advisory Services,  
Ernst & Young (on secondment)

**1. WELCOME AND INTRODUCTION**

The Chair welcomed the members and Grace Magee to the meeting. Grace is doing research on registered charities for the XRB.

An apology was received from Lyn Hunt.

**2. BOARD MANAGEMENT**

**2.1 Interest Register**

The Board NOTED the Register of Interests of Members.

Members indicated that, in the normal course of their day-to-day professional responsibilities, they deal with a broad range of financial reporting issues. Members have adopted the standing policy in respect of declarations of interest that a specific declaration will be made where there is a particular issue before the Board.

Charles Hett declared an interest in agenda item 3. As noted in the Register, he is a trustee of the Local Authority Protection Programme Disaster Fund, a public sector insurer.

**2.2 Minutes**

The Board APPROVED the minutes of the meeting held on 31 October 2018.

**2.3 Correspondence**

The Board NOTED the correspondence inwards and outwards.

Correspondence inwards comprised:

- (a) Letter from Yibin Gao on Belt and Road and the Draft Initiative on Promoting Accounting Standards Cooperation among Countries along the Belt and Road – October 2018; and
- (b) Letter from Yibin Gao on Belt and Road – November 2018.

Correspondence outwards was a letter to Yibin Gao on Belt and Road.

Correspondence inwards, retabled because they related to current agenda items, was:

- (a) BDO submission on IASB ED/2016/1 *Definition of a Business and Accounting for Previously Held Interests* (Proposed amendments to IFRS 3 and IFRS 11)— agenda item 9; and
- (b) BDO submission on IASB ED 2017/6 *Definition of Material* (Proposed amendments to IAS 1 and IAS 8) – agenda item 10.

**2.4 Communications from the NZASB**

The Board NOTED the communications from the NZASB since the last NZASB meeting.

## **2.5 Speaking Register**

The Board NOTED the Speaking Register.

## **2.6 NZASB Summary Work Plan**

The Board NOTED the NZASB Summary Work Plan from December 2018 to June 2019 (agenda item 2.6.1).

## **2.7 Documents Open for Comment**

The Board:

- (a) NOTED the documents open for comment; and
- (b) AGREED not to comment on the IASB's forthcoming exposure draft *Onerous Contracts—Cost of Fulfilling a Contract* (Proposed amendments to IAS 37).

## **2.8 Modified Audit Reports**

The Board:

- (a) AGREED there are no implications for the accounting standards from the modified audit reports received between 7 June 2018 and 21 November 2018, except for point (b) below;
- (b) NOTED that a number of the modified audit reports related to an entity's inability to access financial information to equity account its investment in an associate and AGREED to let the IASB know about this recurring issue, if and when the IASB seeks feedback on its equity method project;
- (c) NOTED development of a central portal for auditors to upload the modified audit reports will commence in 2019; and
- (d) NOTED the XRB Board's request to liaise with the Office of the Auditor-General on the modified audit reports for PBEs and whether there are any implications for the accounting standards.

The Board moved into public session.

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### **PUBLIC SESSION – AGENDA ITEMS 3 – 5**

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## **3. PBE IFRS 17 INSURANCE CONTRACTS**

Paragraphs to be added to the Invitation to Comment (ITC) regarding current developments with IFRS 17 were tabled at the meeting.

The Board APPROVED for issue NZASB ED 2018-7 PBE IFRS 17 *Insurance Contracts* (the ED) and its accompanying ITC, with a comment date ending on 17 May 2019.

#### **4. EXTENDED EXTERNAL REPORTING**

The Board:

- (a) CONSIDERED and PROVIDED FEEDBACK on the draft XRB Position Statement on Extended External Reporting (EER); and
- (b) PROVIDED FEEDBACK on the general direction of travel of the draft EER Navigational Resource.

#### **5. APPENDIX A OF XRB A1**

The Board APPROVED:

- (a) the proposals in the ED to amend XRB A1 Appendix A, subject to some minor wording changes;
- (b) the proposed effective date of annual periods beginning on or after 1 January 2020, with earlier application permitted;
- (c) a comment period of close to 90 days; and
- (d) the ITC and ED for issue by the XRB Board.

The Board moved into non-public session.

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#### **NON-PUBLIC SESSION – AGENDA ITEM 6**

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#### **6. CHARITIES SERVICES**

The Board RECEIVED an update on charity compliance checks and the Charities Act 2005 review from Andrew Phillips, Manager, Engagement and Business Improvement and Jamie Cattell, Senior Accountant, both from Charities Services.

The Board moved into public session.

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#### **PUBLIC SESSION – AGENDA ITEMS 7 – 11**

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#### **7. FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF EQUITY**

The Board CONSIDERED and APPROVED the comment letter on the IASB DP/2018/1 *Financial Instruments with Characteristics of Equity* (agenda item 7.2).

#### **8. SERVICE PERFORMANCE REPORTING GUIDANCE**

The Board PROVIDED FEEDBACK on the draft guidance on PBE FRS 48 *Service Performance Reporting*.

The Board AGREED that staff should seek feedback from some external parties and report back to the Board in March.

## 9. DEFINITION OF A BUSINESS

The Board:

- (a) APPROVED for issue *Definition of a Business* (Amendments to NZ IFRS 3) (agenda item 9.2);
- (b) APPROVED the Certificate Signing Memorandum from the Chair of the NZASB to the Chair of the XRB Board requesting approval to issue the amending standard (agenda item 9.3); and
- (c) CONSIDERED the application of the *Policy Approach to Developing the Suite of PBE Standards to Definition of a Business* (Amendments to NZ IFRS 3) (agenda item 9.4) and AGREED to wait for the IPSASB to consider the amendments before deciding whether to incorporate these amendments into PBE Standards.

## 10. DEFINITION OF MATERIAL

The Board:

- (a) APPROVED for issue *Definition of Material* (Amendments to NZ IAS 1 and NZ IAS 8) (agenda item 10.2);
- (b) APPROVED for issue *Definition of Material* (Amendments to Conceptual Frameworks) (agenda item 10.3);
- (c) APPROVED the Certificate Signing Memorandum from the Chair of the NZASB to the Chair of the XRB Board requesting approval to issue the amending standard and authoritative notice (agenda item 10.4); and
- (d) CONSIDERED the application of the *Policy Approach to Developing the Suite of PBE Standards to Definition of a Material* (Amendments to NZ IAS 1 and NZ IAS 8) and *Definition of Material* (Amendments to Conceptual Frameworks) (agenda item 10.5) and AGREED to wait for the IPSASB to consider the amendments before deciding whether to incorporate these amendments into PBE Standards and the PBE Conceptual Framework.

## 11. STANDARDS APPROVED

The Board NOTED that *2018 Omnibus Amendments to PBE Standards* has been issued.

The Board moved into non-public session.

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### NON-PUBLIC SESSION – AGENDA ITEMS 12 – 13

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## 12. ACADEMIC RESEARCH REPORT

The Board NOTED and DISCUSSED the following papers:

- (a) research report on Climate Change Reporting (agenda item 12.2);
- (b) recent academic papers of interest (agenda item 12.3); and

- (c) recent Academic Conference Programmes (agenda item 12.4).

The Board thanked Nives Botica-Redmayne for preparing the research report and identifying matters of particular interest for the Board. The Board also noted the increased interest in climate change disclosures by regulators and the need to consider the role of general purpose financial reports versus other reports.

There were two recent academic papers.

- (a) “An examination of international standard-setting due process and the implications for legitimacy” by Matthew Bamber and Kevin McMeeking (2016) in *The British Accounting Review Vol 48*, pp59-73.
- (b) “How does the IASB use the Conceptual Framework in Developing IFRSs? An examination of the Development of IFRS 16 *Leases*” by Humayun Kabir and Asheq Rahman in *Journal of Financial Reporting* (forthcoming).

### **13. INTERNATIONAL AND DOMESTIC UPDATE**

#### **13.0 Future Distribution of Board Papers**

The Board:

- (a) NOTED the outcome of the ITC Survey; and
- (b) NOTED the new process in the distribution of Board papers from 2019.

#### **13.1 Environmental Update**

The Board NOTED the Environmental Update.

#### **13.2 Current Financial Reporting Issues and any other Business**

There were no current financial reporting issues or any other business.

##### **13.2.1 Fundraising NZ Article on Financial Reporting by Charities**

The Board:

- (a) NOTED the Fundraising New Zealand article on financial reporting by Charities; and
- (b) NOTED the XRB Board has discussed this article and agreed not to take any action in relation to the content of the article and/or the use of the XRB logo in the article.

##### **13.2.2 Letter from ICNZ to IASB**

The Board NOTED the letter from the Insurance Council of New Zealand (ICNZ) to the IASB about the deferral of the effective date of IFRS 17 *Insurance Contracts*.

#### **13.3 Update on XRB Meeting**

Warren Allen provided an update on the XRB Board meeting held on 11 December 2018.

### **13.4 Update on the IPSASB December Meeting**

Todd Beardsworth provided an update on the IPSASB December 2018 meeting.

#### **13.4.1 Update on the Secondment at the IPSASB**

Aimy Luu Huynh provided an update on her secondment at the IPSASB in September – October 2018.

The Board NOTED that the IPSASB Chair and IPSASB staff had provided positive feedback about the secondment to the Director, Accounting Standards and would welcome discussions on future secondment opportunities to and from the IPSASB.

### **13.5 Update on AOSSG Annual Meeting**

The Board NOTED the update on the Asian-Oceanian Standard-Setters Group (AOSSG) annual meeting held in November 2018.

### **13.6 TRG November Meeting**

The Board NOTED the issues raised at the Technical Reference Group (TRG) meeting held on 15 November 2018.

### **Other Matters**

The Board farewelled Todd Beardsworth and thanked him for his significant contribution to the NZASB.

The Board also farewelled Gali Slyuzberg and thanked her for her contribution to the accounting standards team over her three month secondment period.

### **Next meeting**

Tuesday 12 February 2019.

The meeting closed at 4.00pm.

**CONFIRMED as a true record**

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**Kimberley Crook**

Chair