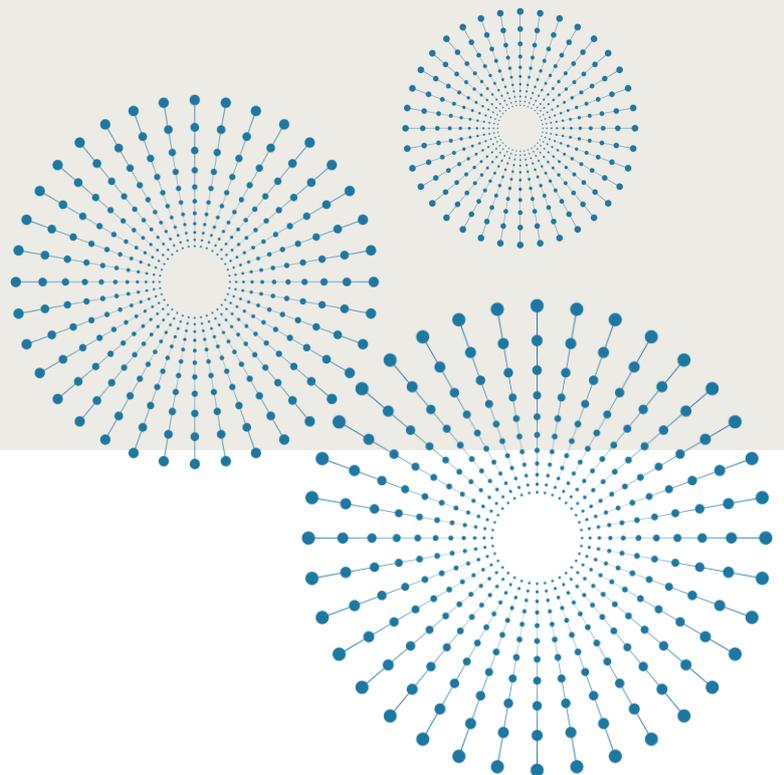


Tier 4 (PS) Standard

Reporting Requirements for Tier 4 Public Sector Entities



Issued May 2023



Reporting Requirements for Tier 4 Public Sector Entities

Legal status of Standard

This Standard was issued on 18 May 2023 by the New Zealand Accounting Standards Board of the External Reporting Board (XRB) pursuant to section 12(a) of the Financial Reporting Act 2013. It is a non-GAAP Standard for the purposes of section 12 and section 18 of that Act.

This Standard applies for the purposes of the following enactments:

- Section 29A of the Burial and Cremation Act 1964;
- Section 6 of the Māori Purposes Fund Act 1934-5;
- Section 40A of the Patriotic and Canteen Funds Act 1947;
- Section 39B and section 88 of the Reserves Act 1977; and
- Section 10 of the Reserves and Other Lands Disposal Act 1995.

This Standard is secondary legislation for the purposes of the Legislation Act 2019, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 15 June 2023.

This Standard has a mandatory date of 1 April 2024, meaning the Standard must be applied for [accounting periods](#) that begin on or after 1 April 2024. A Tier 4 entity may choose to apply this Standard before the mandatory date for accounting periods that end after the Standard takes effect on 15 June 2023. Further information on the commencement and application of this Standard is provided in [paragraphs 91-94](#).

Tier 4 public sector entities that are subject to this Standard are required to apply it in accordance with the requirements on pages 4 – 20 of this Standard.

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, when applied, supersedes the Standard *Public Benefit Entity Simple Format Reporting – Cash (Public Sector)* (PBE SFR-C (PS)).

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About this Standard

Tier 4 (PS) Standard

This Standard sets out the annual reporting requirements for public sector (PS) entities that are permitted to prepare annual performance reports (also known as financial statements) in accordance with Tier 4 reporting requirements as issued by the XRB.

The Standard provides for simple format [cash-based](#) reporting requirements. Under the Tier 4 (PS) Standard, an entity is required to report the cash received and cash paid during the [financial year](#) (i.e. the transactions recorded in an entity's bank account(s) and any cash on hand).

For an entity required by law to report on service performance, the Standard also requires the entity to report information about the main activities it has undertaken during the financial year to achieve its objectives.

Additional guidance material

Additional resources on applying this Standard when preparing Tier 4 Performance Reports are available on the XRB [website](#), including an optional Tier 4 Reporting Template.

Opting up to a higher tier of reporting

If an entity wants to report all the [assets](#) it owns and all the liabilities it owes in a traditional balance sheet format, then it should consider opting up to the next tier and using the [Tier 3 \(PS\) Standard](#), which provides for accruals-based reporting requirements.

Commencement and Application

As explained in [paragraphs 91-94](#), the mandatory date of this Standard is 1 April 2024. A Tier 4 entity is required to apply this Standard for its first [accounting period](#) that begins on or after the mandatory date.

Application to an “early adoption accounting period” is permitted for an accounting period that begins before the mandatory date (1 April 2024) but has not ended or does not end before this Standard takes effect (15 June 2023).

TIER 4 (PS) STANDARD

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Introduction

1. This Standard sets out the minimum information required to be reported in the annual [Performance Report](#) (sometimes referred to as financial statements) of public sector (PS) entities that are eligible, and elect, to apply the Tier 4 (PS) Standard to meet their statutory reporting requirements.
2. The Standard is typically used by PS entities with [annual operating payments](#) under \$140,000.
3. The [Appendix](#) to this Standard provides information about preparing a Performance Report in accordance with this Standard for the first time.
4. This Standard requires entities to report [cash-based](#) financial information (in the “Statement of Cash Received and Cash Paid”) and information about what the entity has done during the financial year (in the “Statement of Service Performance”). These statements, and the accompanying notes, are collectively known as the “Performance Report”.
5. The Performance Report aims to provide its readers (such as those charged with governance, public sector officials, and other general purpose users) with useful information about an entity’s performance in financial and non-financial terms for the financial year.
6. Optional reporting templates and guidance material have also been developed to help entities meet the requirements of this Standard. In addition, terms used throughout the Standard have been included in the [Glossary](#) on pages 17-18.

Who should use this Standard?

7. This Standard applies to public sector public benefit entities (PBEs) that are eligible, and elect, to apply this Standard.
8. **Public sector entities** are defined in the Public Audit Act 2001 and include all Offices of Parliament.
9. **PBEs** are defined by [XRB A1 Application of the Accounting Standards Framework](#) as “*reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders*”.
10. XRB A1 provides further information on how to work out if a reporting entity is a PBE and is eligible to apply this Standard.

Statutory reporting requirements

11. Public sector PBEs should consider whether they are subject to any statutory requirements to report in accordance with accounting standards issued by the XRB and whether the applicable legislation or regulation permits the use of this Standard (referred to in legislation as a non-GAAP Standard).¹ Public sector entities may also want to seek advice from central Government agencies to confirm their annual reporting obligations.
12. A public sector PBE may elect to report in accordance with this Standard if it is permitted by an Act to report in accordance with a non-GAAP standard (i.e., the cash basis of accounting).

¹ EG A1 – [Explanatory Guide: Guide to Application of the Accounting Standards Framework](#), provides further guidance of the reporting requirements for entities that have a statutory obligation (or that elect under an enactment) to prepare general purpose financial reports in accordance with XRB standards.

13. Public sector PBEs are typically permitted by an Act to use this Standard if:
- (a) They do not have [public accountability](#) (as defined by XRB A1); and
 - (b) They have annual [operating payments](#) under \$140,000.

A public sector PBE that controls other entities (see [paragraphs 20-21](#)) must also take into account the operating payments of the entities it controls when determining its annual operating payments for the purpose of determining its statutory reporting requirements.

The parts of the Tier 4 Performance Report

14. The Performance Report is required to include the following parts:
- (a) **Entity Information**, which provides readers with general information about the entity;
 - (b) A **Statement of Cash Received and Cash Paid** for the financial year; and
 - (c) **Notes**, to provide other useful information to support readers' understanding of the statements above.
15. In addition, a **Statement of Service Performance**, which explains the main activities the entity has undertaken during the financial year to achieve its objectives, is also required when such a statement is required by law (regardless of the name by which the statement is called). This statement is optional for other Tier 4 PS entities.

Summary of Required Information

The table below provides a summary of the minimum information required to be reported.

| Tier 4 Performance Report | | Paragraph |
|--|---|------------------|
| General Requirements | | |
| 1. | At the top of each page the name of the reporting entity and financial year. | 22 |
| 2. | The date the Performance Report was approved, who gave that authorisation and the relevant signature(s). | 35 |
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General Requirements

Period of reporting

16. The [Performance Report](#) is usually prepared for a twelve-month period that ends on the entity's "[balance date](#)" (sometimes referred to as an entity's "year-end" or the "reporting date")². This period is described as the entity's "[financial year](#)". For example, if an entity has a 31 December balance date, the financial year will be from 1 January to 31 December.
17. The Performance Report is required to include information about the entity's transactions (as processed through the entity's bank account or physical cash transactions) for the financial year.

Reporting entity

18. The [reporting entity](#) is an organisation that is required by law or elects to prepare a Performance Report in accordance with this Standard.
19. The reporting entity, for which the Performance Report is prepared, includes the transactions of any branches or other operating units of the reporting entity. This is done by collating information from all the entity's branches and operating units and excluding any internal transactions between these branches/units, so that the Performance Report treats the organisation as one reporting entity.

Accounting for controlled entities

20. When a reporting entity controls³ one or more entities and the total combined operating payments⁴ of the reporting entity and all its controlled entities are less than \$140,000, a reporting entity that elects to use this Standard is not required to prepare a [consolidated Performance Report](#).
21. Where the total combined operating payments exceed \$140,000, the reporting entity cannot apply this Standard and is required to apply the tier criteria in [XRB A1](#) to determine the appropriate tier for reporting.

The Performance Report

Required Information

22. The following information must be included at the top of each page of the Performance Report:
 - (a) The name of the entity; and
 - (b) The [financial year](#) the Performance Report covers.
23. All amounts should be reported in New Zealand Dollars, unless the entity's main bank account is denominated in a foreign currency. If an entity prepares its Performance Report in a currency other than New Zealand Dollars, it must disclose that fact and the currency in which the Performance Report is prepared as part of the notes to the Performance Report.
24. Amounts reported in the Performance Report should be rounded to the nearest dollar (i.e. the rounding of any cents).

² The Performance Report may be prepared for a part year, but this is unusual and most likely occurs when an entity is first established or ceases to exist during a year, or changes its balance date.

³ EG A9 – [Explanatory Guide: Financial Reporting by Not-for-profit Entities: Identifying Relationships for Financial Reporting Purposes](#) provides guidance for not-for-profit entities in determining whether they have control over another entity. A public sector entity may also use Explanatory Guide A9 for this purpose.

⁴ The total combined operating payments of the reporting entity and all its controlled entities excludes any payments between the reporting entity and the controlled entities and/or between the controlled entities.

Comparative Information

25. Comparative information as reported in the previous financial year must be included in the current year's Performance Report (refer to the Template Performance Report).
26. Budgets, or other forecast information, are not required to be included in the Performance Report.

Consistency of presentation

27. The way an entity chooses to present information in the Performance Report must be consistent from one financial year to the next unless the entity's operations or activities have significantly changed, or a different format is more useful to the readers.
28. Any changes to the way information is presented in the current financial year, in contrast to the previous financial year, must also be made to the presentation of comparative amounts unless it is not practical to do so.

No offsetting amounts

29. Cash received and cash paid must not be netted off against each other, even if they relate to a similar activity. For example, the net proceeds from a school fair must not be reported as one balance. Instead, the Statement of Cash Received and Cash Paid must report separate amounts for the total cash received and the total cash paid for running the school fair.

Accounting for GST

30. Generally, the Performance Report should report transactions on a GST inclusive basis (i.e. the total amount received or paid including any GST) because this will match the cash transactions recorded in the entity's bank account(s). The total balance of GST paid to, or refunded by, the IRD for the financial year must be reported separately in the Statement of Cash Received and Cash Paid (refer to [Table 1](#) on page 10).
31. An entity may choose to report on a GST exclusive basis so long as a consistent approach is taken.

Errors relating to previous financial years

32. Errors identified that relate to previous financial years should be disclosed in the notes to the Performance Report in the financial year in which the errors were identified. There is no requirement to restate comparatives. An example of an error would be the reporting of an incorrect bank balance from the previous financial year (refer to [paragraph 86](#)).

Additional information

33. In addition to the required information set out in this Standard, the entity may disclose any other information that would be useful to provide readers with a full understanding of the entity's performance for the financial year.

Signing the Performance Report

34. It is important that readers can determine who authorised the Performance Report and when it was authorised as the Performance Report does not reflect any events after this date. The Performance Report is authorised when it is signed and dated by the entity's governing body or individuals who may authorise on its behalf.

Required Information

35. The Performance Report must include the date the Performance Report was approved, who gave that authorisation, and the relevant signature(s).
36. In meeting the requirement in paragraph 35, an electronic or digital authorisation may be used instead of a physical signature.

The Tier 4 Performance Report

Section 1: Entity Information

Purpose

37. The purpose of the *Entity Information* section is to provide general information about the entity.

Required Information

38. The following information must be included in the Performance Report:

- (a) The entity's name (including any trading names); and
- (b) The type of entity or its legal form.

Section 2: Statement of Service Performance

Requirement to complete a Statement of Service Performance

39. A Tier 4 PS entity is required to comply with this section only when its governing legislation requires reporting on service performance. This section is optional for all other Tier 4 PS entities.

Purpose

40. The purpose of the *Statement of Service Performance* is to provide information to help readers understand what the entity did during the financial year to achieve its objectives.

Required Information

41. In the Statement of Service Performance, an entity must:

- (a) describe the main activities undertaken during the financial year; and
- (b) quantify, as far as possible, the main activities undertaken during the financial year.

42. The Statement of Service Performance only needs to provide information about the entity's main activities. An entity does not need to include a detailed account of everything it has done in the financial year.

43. When selecting the information to include in its Statement of Service Performance, the entity must consider the information needed for readers to gain an overall understanding of what it has done during the financial year to achieve its objectives.

44. An entity may present the information in the Statement of Service Performance using whichever format it considers to be the most helpful to provide readers with an understanding of the entity's main activities. For example, an entity may choose to present information using:

- (a) graphs;
- (b) tables;
- (c) narrative descriptions; or
- (d) images or infographics showing the entity's activities during the financial year.

The [Tier 4 \(PS\) Reporting Template](#) provides a simple example that an entity may choose to use.

Section 3: Statement of Cash Received and Cash Paid

Purpose

45. The purpose of the *Statement of Cash Received and Cash Paid* is to summarise all [cash received](#) and all [cash paid](#) by the entity during the financial year. This Statement accounts for all transactions processed through the entity's bank account(s) and/or any physical cash transactions in the financial year.
46. The Statement of Cash Received and Cash Paid groups transactions under two main headings – operating activities and other activities. Under each of these headings, transactions are then grouped into the applicable line items as shown in [Table 1](#).

Required Information

47. The Statement of Cash Received and Cash Paid must be presented using the format and **applicable** line items as shown in [Table 1](#) below.
48. Additional line items, headings and subtotals to those in [Table 1](#) may be presented where doing so will help readers to understand the cash received and cash paid by the entity during the financial year. Further breakdowns of the line items can also be provided in the notes, although this is not required. For example, an entity may include a summary list of contributions from major donors and grant providers in the notes, if the entity considers this would be useful to the readers of the Performance Report.
49. Individual line items and headings, listed in [Table 1](#), do not need to be included if the entity does not have any transactions that fall under these line items and headings in the current or previous financial year.
50. An entity may choose to use different wording to describe the line items in [Table 1](#), if more appropriate to explain its transactions and assist with readers' understanding.

| Table 1: Statement of Cash Received and Cash Paid | Current year \$ | Previous year \$ |
|--|---------------------------|----------------------------|
| Opening balance in bank account(s) and any cash on hand | | |
| Plus: Cash received from operating activities | | |
| General funding received from government entities ⁵ | | |
| Donations, koha, and bequests from the public | | |
| Grants from non-government organisations | | |
| Funding from service delivery grants/contracts | | |
| Sale of goods or services (commercial activities) | | |
| Interest or dividends received | | |
| Other cash received | | |
| Total cash received from operating activities | | |
| Less: Cash paid for operating activities | | |
| Fundraising costs | | |
| Employee remuneration and other employee related costs | | |
| Costs related to sale of goods or services (commercial activities) | | |
| Other costs related to delivery of entity objectives | | |

⁵ The term "government entities" includes both central and local government entities

| | | |
|--|--|--|
| Grants and donations paid | | |
| Other cash paid | | |
| Total cash paid for operating activities | | |
| Total GST paid or refunded in the financial year ⁶ | | |
| Cash surplus or (deficit) from operating activities | | |
| Plus: Cash received from other activities | | |
| Sale of investments | | |
| Sale of other assets | | |
| Cash received from loans and borrowings | | |
| Total cash received from other activities | | |
| Less: Cash paid for other activities | | |
| Purchase of investments | | |
| Purchase of other assets | | |
| Repayment of loans and borrowings | | |
| Total cash paid for other activities | | |
| Cash surplus or (deficit) from other activities | | |
| Income tax paid or refunded (if applicable) | | |
| Increase or (decrease) in cash for the financial year | | |
| Closing balance in bank account(s) and any cash on hand | | |
| Represented by: | | |
| Closing balance of bank account(s) | | |
| Balance invested in term deposit(s) | | |
| Undeposited cash held by the entity | | |
| Total cash balances held | | |

Application guidance

51. The opening and closing balance in **bank account(s) and any cash on hand** includes all bank account balances (cheque or savings accounts) and any undeposited cash held by the entity. It also includes any term deposit balances held and any bank account balances in overdraft.
52. **Cash received** includes all transactions that increase the entity's bank account(s) balance during the financial year, including any undeposited cash at the end of the financial year.
53. **Cash paid** includes all transactions that resulted in a decrease in the entity's bank account(s) balance during the financial year, including any payments made directly from cash on hand.
54. Transfers between bank accounts and/or term deposits held by the entity must not be recorded in the Statement of Cash Received and Cash Paid because this does not change the total balance of cash held by the entity.
55. **Operating activities** are the day-to-day activities of the entity and include all transactions that are not classified as other activities.
56. A **service delivery grant/contract** is an agreement to receive funds that is, in substance, a contract for the delivery of specified goods or services, as agreed with the funder, whereas a **general grant** is not linked to specific goods or services.

⁶ If the Performance Report is prepared on a GST inclusive basis.

For example, an agreement where an entity receives funding based on the number of patients seen at a community health clinic is likely to be a service delivery grant/contract, whereas an agreement to receive a fixed amount of funding to operate the community health clinic for a period of time is likely to be a general grant.

57. Cash received from the **sale of goods and services** are where goods or services are sold on commercial terms for the primary purpose of making a profit. The profits earned are then used to help fund the deliver of the entity's primary objectives.
58. **Other activities** include:
- (a) cash paid to purchase investments or cash received from the sale of investments (investments include shares in a company and government bonds);
 - (b) cash paid to purchase other assets or cash received from the sale of other assets. Other assets includes any item of property, plant and equipment with an expected life greater than twelve months; and
 - (c) cash received from loans or borrowings and cash paid to repay loans or borrowings.
59. If there is difficulty determining how a transaction should be grouped, the entity may include cash received in "other cash received" or cash paid in "other cash paid".

Section 4: Notes

Purpose

60. The purpose of the notes to the Performance Report is to provide additional information to support the reader's understanding of the entity's performance for the financial year.

Accounting policies

Required Information

Basis of Preparation

61. The notes must include the following information about the basis for preparing the Performance Report:
- (a) The entity has prepared the Performance Report in accordance with the Tier 4 (PS) Standard issued by the External Reporting Board (XRB);
 - (b) The entity is permitted by its governing legislation to apply the Tier 4 (PS) Standard in meeting its statutory reporting requirements, and has elected to do so; and
 - (c) All transactions included in the Statement of Cash Received and Cash Paid and related notes to the Performance Report have been reported on a cash basis.

62. Example note disclosure:

Basis of preparation

ABC Trust is permitted by law to apply the Tier 4 (PS) Standard issued by the External Reporting Board (XRB) and the Trust has elected to use the Standard. All transactions included in the Statement of Cash Received and Cash Paid and related notes to the Performance Report have been reported on a cash basis.

GST

Required Information

Goods and Services Tax (GST)

63. The notes must include information about whether:
- the entity is registered for GST; and
 - the Performance Report is prepared on a GST inclusive or GST exclusive basis.

64. Example note disclosure:

GST

All amounts recorded in the Performance Report are inclusive of GST (if any). The entity is GST registered and any GST payable to, or refunded by, the IRD is recognised when paid or when a refund is received.

Or

All amounts recorded in the Performance Report are exclusive of GST (if any). The entity is GST registered and any GST payable to, or refunded by, the IRD is recognised when paid or when a refund is received.

Or

The entity is not registered for GST and all amounts are recorded inclusive of GST (if any).

Significant assets

65. The purpose of this note is to provide information about [assets](#) owned by the entity at the end of the financial year which are considered to be [significant](#) to a Tier 4 entity.
66. As bank accounts are already reported in the Statement of Cash Received and Cash Paid, this note is focused on providing information about other significant assets an entity owns.

Required information

67. The notes on significant assets must be presented using the format and **applicable** line items as shown in [Table 2](#) below.
68. For each applicable line item in [Table 2](#), the entity must disclose the total monetary amount, if easily available, based on either:
- the total amount paid to purchase the significant assets; or
 - the total estimated current value of the significant assets⁷ (this may be based on an estimated replacement cost basis, estimated sale price or, for land and buildings, rateable values can be used).
69. Where a current value estimate is used to meet the requirement in paragraph 68(b), the source of this estimate must be disclosed.
70. The assets listed in [Table 2](#) are considered to be [significant](#) to a Tier 4 entity and must be disclosed if held by the entity, regardless of whether the assets were purchased or donated.
71. An entity may omit any of the line items in [Table 2](#) if it does not own assets of that type.

⁷ An estimate of the current value will be required when the asset owned was donated and/or the cost of the asset is unknown.

72. This note is not expected to list all assets owned by the entity, as this would not be practical when

| Table 2: Significant assets | Current year | Previous year |
|---|---------------------|----------------------|
| | \$ | \$ |
| Land and buildings | | |
| Vehicles | | |
| Investments (shares, bonds, units in managed funds) | | |
| Amounts loaned to other organisations or persons | | |

recording transactions on a cash basis. An entity that wishes to fully account for and report all assets owned should instead use the [Tier 3 \(PS\) Standard](#).

Significant liabilities

73. The purpose of this note is to provide information about liabilities owed by the entity at the end of the financial year which are considered to be [significant](#) to a Tier 4 entity.
74. Liabilities are amounts which the entity owes to external parties (where the settlement of the liability cannot be avoided – i.e., the external party can enforce repayment).

Required information

75. The note on significant liabilities must be presented using the format and **applicable** line items as shown in [Table 3](#) below.
76. For each applicable line item in [Table 3](#), the entity must disclose the total monetary amount expected to be paid in the future period to fully settle the liability.
77. The liabilities listed in [Table 3](#) are considered to be significant to a Tier 4 entity and must be disclosed if owed by the entity.
78. An entity may omit any of the line items in [Table 3](#) if it does not owe any liabilities of that type.

| Table 3: Significant liabilities | Current year | Previous year |
|--|---------------------|----------------------|
| | \$ | \$ |
| Loans and other borrowings | | |
| Amounts borrowed from other organisations or persons | | |
| Money held on behalf of others | | |

79. The information in [Table 3](#) is not intended to list all the entity's liabilities, as this would not be practical when recording transactions on a cash basis. An entity that wishes to fully account for and report all liabilities, should instead use the [Tier 3 \(PS\) Standard](#).

Related Party Transactions

80. The purpose of this note is to provide readers with information about any [significant](#) transactions and balances with related parties the entity has entered into during the financial year, and any significant amounts owing to or from related parties at the end of the financial year.
81. A related party transaction is a transfer of money, goods, or services between an entity and a related party. For public sector entities, related party transactions comprise transactions that are different from those conducted under normal terms and conditions (including the provision of free goods or services).

Related parties include:

- (a) other entities that control, or are controlled by, the entity;
- (b) associates (i.e. other entities over which the entity has significant influence);⁸
- (c) individuals that have significant influence over the decisions of the entity (such as officeholders, committee members, or others that are involved in the strategic management of the entity – this could include individuals who are employees or volunteers);
- (d) other individuals or other entities that have significant influence over the entity's operations; and
- (e) close family members of those individuals described in (c) and (d) above (such as a partner, child, partner's child, dependents or a partner's dependents).

82. The reporting of related party transactions provides important information to readers of the Performance Report. The disclosure of related party transactions is considered important because:

- (a) Related party relationships can influence how an entity operates; and
- (b) Related party relationships might expose an entity to risks, or provide opportunities, that would not have otherwise existed because related parties may enter into transactions on different terms and conditions than would normally be available to unrelated parties.

Required information

83. The notes must include for each [significant](#) related party transaction:

- (a) A description of the related party relationship;
- (b) A description of the transaction (e.g., the services provided by the related party); and
- (c) The total amount paid to (or received from) the related party during the financial year.

84. The notes must also include the balance of any amounts owed to (or owing from) a related party at the end of the financial year (including any amounts loaned or advanced).

85. Examples of related party transactions include:

- (a) the entity selling a significant asset to the spouse of a board member;
- (b) the entity providing free services to the child of the board chair;
- (c) the entity loaning cash at below market rates to a board member; and
- (d) a member of the board/trust providing professional services (e.g. accounting or legal services) to the entity at no cost (noting these only require disclosure, if significant).

⁸ "Significant influence" is the power to participate in the financial and operating policy decisions of the another entity but is not control or joint control of those policies. EG A9 – [Explanatory Guide: Financial Reporting by Not-for-profit Entities: Identifying Relationships for Financial Reporting Purposes](#) provides guidance for not-for-profit entities in determining whether they have significant influence over another entity. A public sector entity may also use EG A9 for this purpose.

Correction of Errors

86. The purpose of this note is to provide readers with information about any errors relating to previous financial years that have been corrected in the current Performance Report. An example of an error would be the incorrect recording of a closing bank balance from the previous year's Performance Report.

Required information

87. Unless an error is clearly trivial (e.g., rounding errors), the notes must include the following for every error relating to a previous financial year that has been corrected in the current Performance Report:
- (a) The nature of the error; and
 - (b) How the error has been corrected in the current financial year.

Additional Information (optional)

88. An entity may include in the notes any additional information it considers necessary for readers to understand the overall performance of the entity. For example, an entity may want to disclose information about:
- (a) events after the financial year (see paragraph 89); and/or
 - (b) grants or donations with expectations over use (see paragraph 90).

Events after the financial year

89. Events after the financial year are those [significant](#) events, both favourable and unfavourable, that occur between the end of the financial year and the date when the Performance Report is signed as approved by the governing body. For these events, the entity may want to disclose:
- (a) the nature of the event;
 - (b) an estimate of any cash expected to be received or paid; and
 - (c) the effect (if any) the event has on the entity's ability to continue operating.

Grants or donations with expectations over use

90. If the entity has received any [significant](#) grants or donations with an expectation that the funds received will be used for a specific purpose or in a particular way, and those expectations have not been fully met at the end of the financial year, it may want to report information about:
- (a) The amount of significant grants or donations received which are expected to be used in future financial years (i.e., the balance of grants or donations which have not yet been spent at the reporting date); and
 - (b) The nature of the expectations and conditions over future use of the funds received, including whether the grant/donation provider can require the unspent funding to be returned.

Commencement and Application

Purpose

91. This section sets out when the Standard commences to apply.

When this Standard takes effect (section 27 Financial Reporting Act 2013)

92. This Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019. The standard was published on 18 May 2023 and takes effect on 15 June 2023

Accounting periods in relation to which this Standard commences to apply (section 28 Financial Reporting Act 2013)

93. The accounting periods in relation to which this Standard commences to apply are:

- (a) for an early adopter, those accounting periods following, and including, the early adoption accounting period; and
- (b) for any other reporting entity, those accounting periods following, and including, the first accounting period for the entity that begins on or after the mandatory date.

94. In applying paragraph 93:

early adopter means a reporting entity that applies this Standard for an early adoption accounting period.

early adoption accounting period means an accounting period of the early adopter:

- (a) that begins before the mandatory date but has not ended or does not end before this Standard takes effect (and to avoid doubt, that period may have begun before this Standard takes effect); and
- (b) for which the early adopter:
 - (i) first applies this Standard in preparing its financial statements; and
 - (ii) discloses in its financial statements for that accounting period that this Standard has been applied for that period.

mandatory date means 1 April 2024.

Glossary

This Glossary contains terms used in this Standard.

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| Accounting period | Is the reporting period covered by the entity's Performance Report, which is typically a twelve-month period ending on the reporting entity's balance date . For example, if an entity has a 31 March 2024 balance date – its accounting period will be 1 April 2023 – 31 March 2024. The accounting period begins on 1 April 2023. |
| Annual operating payments | The total amount of any payments (including grant payments, other than a capital payment), made by the entity during the financial year. A capital payment is a payment during the financial year for the purchase of a resource (commonly referred to as an "asset") with an expected life greater than twelve months. |
| Application date | The latest date at which this version of the Tier 4 (PS) Standard must be applied by an entity that has chosen (and is permitted) to use this Standard to satisfy its statutory reporting requirements. |
| Assets | Resources owned by the entity at the balance date that will be used in future financial years to help satisfy the entity's objectives. |
| Balance date | The date to which the Performance Report is prepared. It is usually an end of month date, for example, 31 March 202X. |
| Cash-based | The Tier 4 Standard is described as a cash-based standard because it only accounts for transactions where money is received or paid in cash or through an entity's bank account. |
| Cash paid | Payments comprise all money paid during the financial year by cash, cheque, bank transfer, or other method. Payments can be either operating payments (relating to day-to-day activities) or related to the purchase of assets or the repayment of borrowings. |
| Cash received | Cash received comprises all money received during the financial year. This includes all funds deposited into the entity's bank accounts as well as cash received during the financial year but not yet deposited in the entity's bank accounts. Most cash received will relate to the normal operating activities of the entity (for example, cash received from a fundraising event). However, some cash received might result from other transactions, such as receipts from the sale of assets or proceeds from borrowings. |
| Consolidated Performance Report | A consolidated Performance Report involves presenting the information required by this Standard for all the entities that are controlled (including the controlling entity) as if the group of entities was one reporting entity. |
| Entity | An organisation may take any of a number of forms, including but not limited to, a public entity, company, incorporated association, unincorporated association, or trust. Depending on organisational structure, this may be a legal entity, a unit within a wider organisation, or it may comprise one or more units. |
| Financial Information | The information provided in the Statement of Cash Received and Cash Paid, and related information provided in the notes. |
| Financial year | A twelve-month period ending on the reporting entity's balance date. |
| Investments | Any other financial asset held by the entity in addition to money held in bank accounts or term deposits. This would include assets such as fixed interest bonds or shares. |

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| Loans and borrowings | Amounts owing to external parties which are required to be repaid in accordance with terms and conditions agreed by both parties (such as a loan from a bank or finance company). |
| Non-financial information | The information provided in an entity's Statement of Service Performance about the entity's main activities undertaken in the financial year to achieve its objectives. |
| Other assets | Other assets include any item of property, plant, or equipment with an expected life greater than twelve months (such as computer equipment) which is owned by the entity and used to support the delivery of its objectives. |
| Performance Report | Information that collectively tells the story of the reporting entity over the financial year. This includes the Entity Information, Statement of Service Performance, Statement of Cash Received and Cash Paid, and Notes to the Performance Report. |
| Public accountability | While public sector entities are generally considered to be publicly accountable, "public accountability" has a specific meaning in the accounting standards issued by the XRB. The full definition of "Public Accountability" is included in XRB A1 . This includes entities that have issued debt or equity instruments through a public offering or their main activity is holding cash or other assets on behalf of others (e.g. a superannuation scheme). |
| Public benefit entity (PBE) | A reporting entity whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders. |
| Public Sector PBE | PBEs that are public entities as defined in the Public Audit Act 2001, and all Offices of Parliament. |
| Related party | People or entities that have significant influence over the entity, such as officeholders, committee members, or others that are involved in the strategic management of the entity and close members of their families. |
| Reporting entity | An entity preparing a Performance Report in accordance with this Standard. In the New Zealand reporting environment it is an organisation that is required by law, or elects to apply, accounting standards issued by the XRB. |
| Sale of goods or services (commercial activities) | Cash received (or paid) from the sale of goods or services relate to transactions arising from trading activities, where goods or services are sold on commercial terms for the primary purpose of generating a profit. The profits earned are then used to help fund the entity's objectives. |
| Service delivery grants/contract | An agreement to receive funds that is, in substance, a contract for the delivery of specified goods or services, as agreed with the funder. |
| Significant | An item is significant if recording and/or disclosure of the particular item, whether financial or non-financial, could influence the reader's understanding of the entity's overall performance. |
| Statement of Cash Received and Cash Paid | A summary of all the amounts received, and all the amounts paid out, by the entity during the financial year through the entity's bank accounts or by cash. |
| Statement of Service Performance | A statement that provides information to help readers understand what the entity did during the financial year to achieve its objectives. This is particularly useful in the public sector when the focus is on achieving objectives relating to community or social benefit, rather than making a profit. |

Appendix: Preparing a Performance Report for the First Time

Purpose

1. This Appendix provides information to assist an entity in preparing its first Performance Report under the Tier 4 (PS) Standard.
2. There are two circumstances where an entity will apply the Tier 4 (PS) Standard for the first time:
 - (a) New entities; and
 - (b) Continuing Entities.

New Entities

3. New entities are those entities that began operating in the current financial year. Typically, these entities will start with a nil bank account(s) balance.

Required information

4. A new entity must disclose its date of commencement in the notes to the Performance Report.
The date of commencement will either be when the entity was legally incorporated or the date of receiving the first amount of funding.
5. No comparative information is required when a new entity prepares its first Performance Report in accordance with this Standard.

Continuing Entities

6. Continuing entities are those entities that have not applied the Tier 4 (PS) Standard in the previous financial year but have been operating prior to the current financial year. This includes entities that have been applying other accounting standards in the previous financial year, for example, NZ IFRS PBE, Old GAAP or Reporting Requirements for Tier 3 Public Sector Entities.
7. These entities have two options when applying the Tier 4 (PS) Standard for the first time:

Option A: Follow the Tier 4 (PS) Standard from the start of the current period

Required information

8. The entity must attach the financial statements for the previous financial year to the Performance Report.
9. Comparative information prepared in accordance with the Tier 4 (PS) Standard is not required.

Option B: Follow the Tier 4 (PS) Standard from the start of the previous financial year

10. Under this option, an entity must prepare a Performance Report in accordance with all the requirements of the Tier 4 (PS) Standard for the purpose of obtaining comparative information for the current year. This means that the current financial year's disclosures and the previous financial year's disclosures will be reported on the same basis.