PUBLIC BENEFIT ENTITY INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD 1 PRESENTATION OF FINANCIAL REPORTS (PBE IPSAS 1)

Issued September 2014 and incorporates amendments to 31 December 2023, other than consequential amendments resulting from adoption of PBE IFRS 17 *Insurance Contracts* and *Amendments to PBE IFRS 17.*

This Standard was issued on 11 September 2014 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 9 October 2014.

Reporting entities that are subject to this Standard are required to apply it in accordance with the commencement and application provisions set out in paragraphs 154.1 to 154.19.

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 Tier 1 and Tier 2 PBE Standard has been issued as part of a revised full set of PBE Standards that incorporate enhancements for not-for-profit public benefit entities.

This Standard, when applied, supersedes PBE IPSAS 1 *Presentation of Financial Statements* issued in May 2013.

Note for not-for-profit entities that apply PBE IFRS 17 *Insurance Contracts* (i.e., not-for-profit entities that issue insurance contracts or issue/hold reinsurance contracts)
Please read this Standard in conjunction with Appendix D of PBE IFRS 17 *Insurance Contracts*, which contains amendments to this Standard. Those amendments are applicable only to Tier 1 and Tier 2 not-for-profit public benefit entities that apply PBE IFRS 17. The amendments introduced by PBE IFRS 17 will be compiled into this Standard together with the amending standard *Insurance Contracts in the Public Sector*.

PBE IPSAS 1 PRESENTATION OF FINANCIAL REPORTS

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The following is available on the XRB website as additional material:

Public Benefit Entity International Public Sector Accounting Standard 1 *Presentation of Financial Reports* is set out in paragraphs 1–155. All the paragraphs have equal authority. PBE IPSAS 1 should be read in the context of its objective, the NZASB's Basis for Conclusions on PBE IPSAS 1, the IPSASB's Basis for Conclusions on IPSAS 1, the *Public Benefit Entities' Conceptual Framework* and Standard XRB A1 *Application of the Accounting Standards Framework*. PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

Objective

1. The objective of this Standard is to prescribe the manner in which general purpose financial reports, comprising financial statements and, where required, service performance information,[1] should be presented to ensure comparability both with the entity's financial reports of previous periods and with the financial reports of other entities. To achieve this objective, this Standard sets out overall considerations for the presentation of financial reports, guidance for their structure, and minimum requirements for the content of financial reports. The recognition, measurement, and disclosure of specific transactions and other events are dealt with in other PBE Standards.

Scope

2. **This Standard shall be applied to all general purpose financial reports prepared and presented in accordance with PBE Standards.**

3. General purpose financial reports are those intended to meet the needs of users who are not in a position to demand reports tailored to meet their particular information needs. Users of general purpose financial reports include taxpayers and ratepayers, members of the legislature, donors, service recipients, creditors, suppliers, the media, and employees. General purpose financial reports include those that are presented separately or within another public document, such as an annual report. This Standard does not apply to condensed interim financial information (see PBE IAS 34 *Interim Financial Reporting*), prospective financial information (see PBE FRS 42 *Prospective Financial Statements*), or summary financial information (see PBE FRS 43 *Summary Financial Statements*).

4. This Standard applies equally to all entities including those that present consolidated financial statements in accordance with PBE IPSAS 35 *Consolidated Financial Statements* and those that present separate financial statements in accordance with PBE IPSAS 34 *Separate Financial Statements*.

5. [Not used]

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

5.2 **A Tier 2 entity is not required to comply with the requirements in this Standard denoted with an asterisk (*). Where a Tier 2 entity elects to apply a disclosure concession it shall comply with any RDR paragraphs associated with that concession.**

6. [Not used]

Definitions

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

<u>Assets</u> are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

<u>Contributions from owners</u> means future economic benefits or service potential that has been contributed to the entity by parties external to the entity, other than those that result in liabilities of the entity, that establish a financial interest in the net assets/equity of the entity, which:

(a) **Conveys entitlement both to (i) distributions of future economic benefits or service potential by the entity during its life, such distributions being at the discretion of the owners or their representatives, and to (ii) distributions of any excess of assets over liabilities in the event of the entity being wound up; and/or**

(b) **Can be sold, exchanged, transferred, or redeemed.**

<u>Distributions to owners</u> means future economic benefits or service potential distributed by the entity to all or some of its owners, either as a return on investment or as a return of investment.

An <u>economic entity</u> is a controlling entity and its controlled entities.

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[1] Reporting service performance information alongside the financial statements provides a comprehensive picture of an entity's activities during the period. PBE FRS 48 *Service Performance Reporting* specifies which entities are required to report service performance information in accordance with that Standard.

<u>Expenses</u> are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners.

<u>Impracticable</u> Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

<u>Liabilities</u> are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

<u>Material</u> Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements or service performance information. Materiality depends on the nature and size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

<u>Net assets/equity</u> is the residual interest in the assets of the entity after deducting all its liabilities.

<u>Notes</u> contain information in addition to that presented in the statement of financial position, statement(s) of comprehensive revenue and expense, statement of changes in net assets/equity, cash flow statement, and service performance information. Notes provide narrative descriptions or disaggregations of items disclosed in those statements and information about items that do not qualify for recognition in those statements.

<u>Other comprehensive revenue and expense</u> comprises items of revenue and expense (including reclassification adjustments) that are not recognised in surplus or deficit as required or permitted by other PBE Standards.

The components of other comprehensive revenue and expense include:

(a) Changes in revaluation surplus (see PBE IPSAS 17 *Property, Plant and Equipment* and PBE IPSAS 31 *Intangible Assets*);

(b) Remeasurements of defined benefit plans (see PBE IPSAS 39 *Employee Benefits*);

(c) Gains and losses arising from translating the financial statements of a foreign operation (see PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*);

(d) Gains and losses from investments in equity instruments designated at fair value through other comprehensive revenue and expense in accordance with paragraph 106 of PBE IPSAS 41 *Financial Instruments*;

(e) Gains and losses on financial assets measured at fair value through other comprehensive revenue and expense in accordance with paragraph 41 of PBE IPSAS 41;

(f) The effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through other comprehensive revenue and expense in accordance with paragraph 106 of PBE IPSAS 41 (see paragraphs 113–155 of PBE IPSAS 41);

(g) For particular liabilities designated as at fair value through surplus or deficit, the amount of the change in fair value that is attributable to changes in the liability's credit risk (see paragraph 108 of PBE IPSAS 41);

(h) Changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see paragraphs 113–155 of PBE IPSAS 41); and

(i) Changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see paragraphs 113–155 of PBE IPSAS 41).

Public Benefit Entity Standards (PBE Standards) are standards issued by the External Reporting Board (XRB) or the New Zealand Accounting Standards Board of the XRB comprising:

(a) **Public Benefit Entity International Public Sector Accounting Standards;**

(b) **Public Benefit Entity International Financial Reporting Standards, including Public Benefit Entity International Accounting Standards; and**

(c) **Public Benefit Entity Financial Reporting Standards.**

Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) comprises PBE Standards with disclosure concessions for Tier 2 public benefit entities.

Reclassification adjustments are amounts reclassified to surplus or deficit in the current period that were recognised in other comprehensive revenue and expense in the current or previous periods.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners.

Surplus or deficit is the total of revenue less expenses, excluding the components of other comprehensive revenue and expense.

Total comprehensive revenue and expense is the change in net assets/equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.

Total comprehensive revenue and expense comprises all components of 'surplus or deficit' and of 'other comprehensive revenue and expense'.

Terms defined in other PBE Standards are used in this Standard with the same meaning as in those Standards, and are reproduced in the *Glossary of Defined Terms* published separately.

7.1 [Deleted by NZASB]

7A. The following terms are described in PBE IPSAS 28 *Financial Instruments: Presentation* and are used in this Standard with the meaning specified in PBE IPSAS 28:

(a) Puttable financial instrument classified as an equity instrument (described in paragraphs 15 and 16 of PBE IPSAS 28);

(b) An instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument (described in paragraphs 17 and 18 of PBE IPSAS 28).

Economic Entity

8. The term economic entity is used in this Standard to define, for financial reporting purposes, a group of entities comprising the controlling entity and any controlled entities.

9. Other terms sometimes used to refer to an economic entity include administrative entity, financial entity, consolidated entity, and group.

10. An economic entity may include entities with both social policy and commercial objectives. For example, an entity providing housing may be an economic entity that includes entities that provide housing for a nominal charge, as well as entities that provide accommodation on a commercial basis.

Future Economic Benefits or Service Potential

11. Assets provide a means for entities to achieve their objectives. Assets that are used to deliver goods and services in accordance with an entity's objectives, but which do not directly generate net cash inflows, are often described as embodying service potential. Assets that are used to generate net cash inflows are often described as embodying future economic benefits. To encompass all the purposes to which assets may be put, this Standard uses the term "future economic benefits or service potential" to describe the essential characteristic of assets.

12. [Not used]

Materiality

13. Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. Users are assumed to have a reasonable knowledge of the public benefit sector and economic activities and accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Net Assets/Equity

14. Net assets/equity is the term used in this Standard to refer to the residual measure in the statement of financial position (assets less liabilities). Net assets/equity may be positive or negative. Other terms may be used in place of net assets/equity, provided that their meaning is clear.

Purpose of Financial Reports

15. Financial reports are a structured representation of the financial position, financial performance and service performance of an entity. The objectives of a general purpose financial report are to provide information about the financial position, financial performance, cash flows, and service performance of an entity that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Specifically, the objectives of general purpose financial reporting should be to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it, by:

    (a) Providing information about the sources, allocation, and uses of financial resources;

    (b) Providing information about how the entity financed its activities and met its cash requirements;

    (c) Providing information that is useful in evaluating the entity's ability to finance its activities and to meet its liabilities and commitments;

    (d) Providing information about the financial condition of the entity and changes in it; and

    (e) Providing aggregate information useful in evaluating the entity's performance in terms of service delivery, costs, efficiency, and accomplishments.

16. General purpose financial reports can also have a predictive or prospective role, providing information useful in predicting the level of resources required for continued operations, the resources that may be generated by continued operations, and the associated risks and uncertainties. Financial reporting may also provide users with information:

    (a) Indicating whether resources were obtained and used in accordance with the legally adopted budget; and

    (b) Indicating whether resources were obtained and used in accordance with legal and contractual requirements, including financial limits established by appropriate legislative authorities.

17. To meet these objectives, a financial report provides information about an entity's:

    (a) Assets;

    (b) Liabilities;

    (c) Net assets/equity;

    (d) Revenue;

    (e) Expenses;

    (f) Other changes in net assets/equity;

    (g) Cash flows; and

    (h) Where required, service performance.

18. Although the information contained in financial statements can be relevant for the purpose of meeting the objectives in paragraph 15, it is unlikely to enable all these objectives to be met. This is likely to be particularly so in respect of entities whose primary objective may not be to make a profit, as managers are likely to be accountable for the achievement of service delivery as well as financial objectives.

Responsibility for Financial Reports

19. The responsibility for the preparation and presentation of financial reports varies across entities. In addition, an entity may draw a distinction between who is responsible for preparing the financial report and who is responsible for approving or presenting the financial report. Examples of people or positions who may be responsible for the preparation of the financial report of individual entities (such as government departments or their equivalent) include the individual who heads the entity (the permanent head or chief executive) and the head of the central finance agency (or the senior finance official, such as the controller or accountant-general). Examples of people or positions who may be responsible for the preparation of the financial report in the not-for-profit sector would be the chief executive officer, the Chairperson, the chief financial officer or the treasurer of the entity, who could be either employees or volunteers. Regardless of who prepares the financial report, the governing body is usually responsible for presenting the financial report.

20. The responsibility for the preparation of the consolidated financial statements of the government as a whole usually rests jointly with the head of the central finance agency (or the senior finance official, such as the controller or accountant-general) and the finance minister (or equivalent).

Components of Financial Reports

20.1 **A complete financial report comprises:**

(a) **A complete set of financial statements; and**

(b) **Service performance information in accordance with PBE FRS 48 *Service Performance Reporting*, where this is required to be reported.**

21. **A complete set of financial statements comprises:**

(a) **A statement of financial position;**

(b) **A statement of comprehensive revenue and expense;**

(c) **A statement of changes in net assets/equity;**

(d) **A cash flow statement;**

(e) **When a public sector entity has published general purpose prospective financial statements, the information specified in paragraph 148.1 shall be presented on the face of the financial statements or as a separate statement. When a not-for-profit entity has published general purpose prospective financial statements, the information specified in paragraph 148.1 shall be presented on the face of the financial statements, as a separate statement or in the notes;**

(f) **Notes to the financial statements, comprising significant accounting policies and other explanatory notes; and**

(g) **Comparative information in respect of the preceding period as specified in paragraphs 53 and 53A.**

22. An entity may use titles for the statements other than those used in this Standard.

22.1 **An entity shall present all items of revenue and expense recognised in a period:**

(a) **In a single statement of comprehensive revenue and expense, with surplus or deficit and other comprehensive revenue and expense presented in two sections. The sections shall be presented together, with the surplus or deficit section presented first followed directly by the other comprehensive revenue and expense section; or**

(b) **In two statements: a statement displaying components of surplus or deficit (separate statement of financial performance) and a second statement beginning with surplus or deficit and displaying components of other comprehensive revenue and expense (statement of other comprehensive revenue and expense).**

Illustration of paragraph 22.1

Paragraph 22.1 permits an entity to present either one statement of comprehensive revenue and expense or two statements: a statement of financial performance and a statement of other comprehensive revenue and expense.

(a) One statement

Statement of Comprehensive Revenue and Expense

Revenue	XX
Less Expenses	XX
Surplus/(deficit) for period	XX
Other Comprehensive Revenue and Expense	
Gain on property revaluation	XX
Other comprehensive revenue and expense for the period	XX
Total comprehensive revenue and expense for the period	XX

(b) Two statements

Statement of Financial Performance

Revenue	XX
Less Expenses	XX
Surplus/(deficit) for period	XX

Statement of Other Comprehensive Revenue and Expense

Surplus/(deficit) for period	XX
Gain on property revaluation	XX
Other comprehensive revenue and expense for the period	XX
Total comprehensive revenue and expense for the period	XX

23. The financial statements provide users with information about an entity's resources and obligations at the reporting date and the flow of resources between reporting dates. This information is useful for users making assessments of an entity's ability to continue to provide goods and services at a given level, and the level of resources that may need to be provided to the entity in the future so that it can continue to meet its service delivery obligations.

24. Public sector entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which may be given effect through authorising legislation. General purpose financial reporting by public sector entities may provide information on whether resources were obtained and used in accordance with the legally adopted budget.

24.1 Where an entity presents a comparison, in the financial report, of prospective financial information and actual financial information, such a comparison shall be in accordance with the requirements of this Standard. Where an entity presents a comparison, in the financial report, of prospective service performance information and actual service performance information, such a comparison shall be in accordance with the requirements of PBE FRS 48.

25. Entities are encouraged to present additional information to assist users in assessing the performance of the entity, and its stewardship of assets, as well as making and evaluating decisions about the allocation of resources. This additional information may include other reports by management about the entity's achievements over the reporting period.

26. Entities are also encouraged to disclose information about compliance with legislative, regulatory, or other externally-imposed regulations. When information about compliance is not included in the financial report, it may be useful for a note to refer to any documents that include that information. Knowledge of non-compliance is likely to be relevant for accountability purposes, and may affect a user's assessment of the entity's performance and direction of future operations. It may also influence decisions about resources to be allocated to the entity in the future.

Overall Considerations

Fair Presentation and Compliance with PBE Standards

*27. **Financial reports shall present fairly the financial position, financial performance, cash flows, and service performance of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in PBE Standards. The application of PBE Standards, with additional disclosures when necessary, is presumed to result in financial reports that achieve a fair presentation.**

RDR 27.1 **Financial reports shall present fairly the financial position, financial performance cash flows, and service performance of a Tier 2 entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the PBE Standards. The application of PBE Standards Reduced Disclosure Regime (PBE Standards RDR), with additional disclosure when necessary, is presumed to result in financial reports that achieve a fair presentation.**

*28. **An entity whose financial report complies with Public Benefit Entity Standards (PBE Standards) shall make an explicit and unreserved statement of such compliance in the notes. Financial reports shall not be described as complying with PBE Standards unless they comply with all the requirements of PBE Standards.**

RDR 28.1 **A Tier 2 entity whose financial report complies with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) shall make an explicit and unreserved statement of such compliance in the notes. Financial reports shall not be described as complying with PBE Standards RDR unless they comply with all the requirements of PBE Standards RDR.**

28.2 **An entity shall disclose in the notes:**

(a) **The statutory basis or other reporting framework, if any, under which the financial report is prepared;**

(b) **A statement whether the financial statements and, where appropriate, service performance information have been prepared in accordance with generally accepted accounting practice (GAAP); and**

(c) **That, for the purposes of complying with GAAP, it is a public benefit entity.**

RDR 28.3 **If an entity elects to report in accordance with PBE Standards RDR, it shall disclose the criteria that establish the entity as eligible to report in accordance with PBE Standards RDR.**

28.4 A number of entities have general purpose financial reporting requirements which refer to GAAP. The legislative definition of GAAP in the Financial Reporting Act 2013 refers to applicable financial reporting standards approved by the External Reporting Board, which include PBE Standards. PBE Standards include requirements and guidance specific to public benefit entities and provide reduced disclosures for entities that qualify to apply the Reduced Disclosure Regime. An entity asserting compliance with GAAP therefore needs to describe the financial reporting standards that have been applied by the entity in preparing its financial statements, and where appropriate, service performance information. For example:

(a) An entity complying with Tier 1 PBE Accounting Requirements would state: “The financial statements [and service performance information] have been prepared in accordance with PBE Standards”; and

(b) An entity complying with Tier 2 PBE Accounting Requirements would state: “The financial statements [and service performance information] have been prepared in accordance with PBE Standards RDR. The criteria under which an entity is eligible to report in accordance with PBE Standards RDR are [insert criteria as appropriate]”.

29. In virtually all circumstances, a fair presentation is achieved by compliance with applicable PBE Standards. A fair presentation also requires an entity:

(a) To select and apply accounting policies in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*. PBE IPSAS 3 sets out a hierarchy of authoritative guidance that management considers, in the absence of a Standard that specifically applies to an item.

(b) To present information, including accounting policies, in a manner that provides relevant, faithfully representative, understandable, timely, comparable, and verifiable information.

(c) To provide additional disclosures when compliance with the specific requirements in PBE Standards is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the entity's financial position, financial performance and service performance.

30. **Inappropriate accounting policies are not rectified either by disclosure of the accounting policies used, or by notes or explanatory material.**

31. **In the extremely rare circumstances in which management concludes that compliance with a requirement in a Standard would be so misleading that it would conflict with the objective of financial reports set out in this Standard, the entity shall depart from that requirement in the manner set out in paragraph 32 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.)**

32. **When an entity departs from a requirement of a Standard in accordance with paragraph 31, it shall disclose:**

(a) **That management has concluded that the financial report presents fairly the entity's financial position, financial performance, cash flows, and service performance;**

(b) **That it has complied with applicable PBE Standards, except that it has departed from a particular requirement to achieve a fair presentation;**

(c) **The title of the Standard from which the entity has departed, the nature of the departure, including the treatment that the Standard would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial reports set out in this Standard, and the treatment adopted; and**

(d) **For each period presented, the financial impact of the departure on each item in the financial report that would have been reported in complying with the requirement.**

33. **When an entity has departed from a requirement of a Standard in a prior period, and that departure affects the amounts recognised in the financial report for the current period, it shall make the disclosures set out in paragraph 32(c) and (d).**

34. Paragraph 33 applies, for example, when an entity departed in a prior period from a requirement in a Standard for the measurement of assets or liabilities, and that departure affects the measurement of changes in assets and liabilities recognised in the current period's financial statements.

35. **In the extremely rare circumstances in which management concludes that compliance with a requirement in a Standard would be so misleading that it would conflict with the objective of financial reports set out in this Standard, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:**

(a) **The title of the Standard in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial reports set out in this Standard; and**

(b) **For each period presented, the adjustments to each item in the financial report that management has concluded would be necessary to achieve a fair presentation**.

36. For the purpose of paragraphs 31–35, an item of information would conflict with the objective of financial reports when it does not represent faithfully the transactions, other events, and conditions that it either purports to represent or could reasonably be expected to represent and, consequently, it would be likely to influence decisions made by users of financial reports. When assessing whether complying with a specific requirement in a Standard would be so misleading that it would conflict with the objective of financial reports set out in this Standard, management considers:

(a) Why the objective of financial reports is not achieved in the particular circumstances; and

(b) How the entity's circumstances differ from those of other entities that comply with the requirement. If other entities in similar circumstances comply with the requirement, there is a rebuttable presumption that the entity's compliance with the requirement would not be so misleading that it would conflict with the objective of the financial reports set out in this Standard.

37. [Not used]

Going Concern

38. **When preparing a financial report, an assessment of an entity's ability to continue as a going concern shall be made. This assessment shall be made by those responsible for the preparation of the financial report. Financial reports shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. When those responsible for the preparation of the financial report are aware, in making their assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial reports are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial report is prepared and the reason why the entity is not regarded as a going concern.**

39. Financial reports are normally prepared on the assumption that the entity is a going concern and will continue in operation and meet its statutory obligations for the foreseeable future. In assessing whether the going concern assumption is appropriate, those responsible for the preparation of financial reports take into account all available information about the future, which is at least, but is not limited to, twelve months from the approval of the financial report.

40. The degree of consideration depends on the facts in each case, and assessments of the going concern assumption are not predicated on the solvency test usually applied to business enterprises. There may be circumstances where the usual going concern tests of liquidity and solvency appear unfavourable, but other factors suggest that the entity is nonetheless a going concern. For example:

    (a) In assessing whether a government is a going concern, the power to levy rates or taxes may enable some entities to be considered as a going concern, even though they may operate for extended periods with negative net assets/equity; and

    (b) For an individual entity, an assessment of its statement of financial position at the reporting date may suggest that the going concern assumption is not appropriate. However, there may be multi-year funding agreements or other arrangements in place that will ensure the continued operation of the entity.

41. The determination of whether the going concern assumption is appropriate is primarily relevant for individual entities rather than for a government as a whole. For individual entities, in assessing whether the going concern basis is appropriate, those responsible for the preparation of the financial report may need to consider a wide range of factors relating to (a) current and expected performance, (b) potential and announced restructurings of organisational units, (c) estimates of revenue or the likelihood of continued revenue streams, including government funding and the donation base, and (d) potential sources of replacement financing before it is appropriate to conclude that the going concern assumption is appropriate.

Going Concern Disclosures

41.1 Paragraph 38 of this Standard requires disclosure of material uncertainties related to events or conditions that may cast significant doubt upon an entity's ability to continue as a going concern. When such material uncertainties exist, to the extent not already disclosed in accordance with paragraph 38 of this Standard, an entity that prepares its financial report on a going concern basis shall disclose:

    (a) That there are one or more material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern;

    (b) Information about the principal events or conditions giving rise to those material uncertainties;

    (c) Information about the plans of those responsible for governance to mitigate the effect of those events or conditions; and

    (d) That, as a result of those material uncertainties, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

41.2 Paragraph 137 of this Standard requires an entity to disclose the judgements, apart from those involving estimations (see paragraph 140), that management[2] has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial reports. Paragraph 140 of this Standard requires an entity to disclose information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. To the extent not already disclosed in accordance with paragraphs 137 and 140 of this Standard, where an entity prepares its financial report on a going concern basis, and those responsible for the preparation of financial reports are aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, it shall disclose information about the significant judgements and assumptions made as part of its assessment of whether the going concern assumption is appropriate.

Consistency of Presentation

42. **The presentation and classification of items in the financial report shall be retained from one period to the next unless:**

   (a) **It is apparent, following a significant change in the nature of the entity's operations or a review of its financial report, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in PBE IPSAS 3; or**

   (b) **A PBE Standard requires a change in presentation.**

43. A significant acquisition or disposal, or a review of the presentation of the financial report, might suggest that the financial report needs to be presented differently. For example, an entity may dispose of a savings bank that represents one of its most significant controlled entities and the remaining economic entity conducts mainly administrative and policy advice services. In this case, the presentation of the financial report based on the principal activities of the economic entity as a financial institution is unlikely to be relevant for the new economic entity.

44. An entity changes the presentation of its financial report only if the changed presentation provides information that is faithfully representative and is more relevant to users of the financial report, and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs 55 and 56.

Materiality and Aggregation

45. **Each material class of similar items shall be presented separately in the financial report. Items of a dissimilar nature or function shall be presented separately, unless they are immaterial.**

46. Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items on the face of the statement of financial position, statement of comprehensive revenue and expense, statement of changes in net assets/equity, and cash flow statement, or in the notes. If a line item is not individually material, it is aggregated with other items either on the face of those statements or in the notes. An item that is not sufficiently material to warrant separate presentation on the face of those statements may nevertheless be sufficiently material for it to be presented separately in the notes.

46A. When applying this and other PBE Standards an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial report, which includes the notes. An entity shall not reduce the understandability of its financial report by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

46A.1 Materiality has an important role in guiding the selection of service performance information to be included in a financial report. This is particularly so when an entity delivers a wide range of goods and services.

[2] In this context, management is the person/committee responsible for the financial report.

46A.2 When making judgements about whether items of service performance information are material, the following should be considered:

(a) The users of financial reports and their information needs;

(b) How the qualitative characteristics affect presentation and disclosure (for example, service performance information must be relevant, but the overall volume of information must also be accessible in order for it to be understandable);

(c) How the nature and size of items of information, judged in the surrounding circumstances, affect presentation and disclosure; and

(d) Where financial and non-financial information that is material should be presented and disclosed.

47. Some PBE Standards specify information that is required to be included in the financial statements, or elsewhere in the financial report, which include the notes. An entity need not provide a specific disclosure required by a PBE Standard if the information resulting from that disclosure is not material. This is the case even if the PBE Standard contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in PBE Standards is insufficient to enable users of financial reports to understand the impact of particular transactions, other events and conditions on the entity's financial position, financial performance, and where appropriate, service performance.

Offsetting

48. **Assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by a PBE Standard.**

49. It is important that assets and liabilities, and revenue and expenses, are reported separately. Offsetting in the statement of comprehensive revenue and expense or the statement of financial position, except when offsetting reflects the substance of the transaction or other event, detracts from the ability of users both (a) to understand the transactions, other events and conditions that have occurred, and (b) to assess the entity's future cash flows. Measuring assets net of valuation allowances – for example, obsolescence allowances on inventories and doubtful debts allowances on receivables – is not offsetting.

50. PBE IPSAS 9 *Revenue from Exchange Transactions* defines revenue and requires it to be measured at the fair value of consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed by the entity. An entity undertakes, in the course of its ordinary activities, other transactions that do not generate revenue but are incidental to the main revenue-generating activities. The results of such transactions are presented, when this presentation reflects the substance of the transaction or other event, by netting any revenue with related expenses arising on the same transaction. For example:

(a) Gains and losses on the disposal of non-current assets, including investments and operating assets, are reported by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses; and

(b) Expenses related to a provision that is recognised in accordance with PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets* and reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) may be netted against the related reimbursement.

51. In addition, gains and losses arising from a group of similar transactions are reported on a net basis, for example, foreign exchange gains and losses and gains and losses arising on financial instruments held for trading. Such gains and losses are, however, reported separately if they are material.

52. The offsetting of cash flows is dealt with in PBE IPSAS 2 *Cash Flow Statements*.

Comparative Information

Minimum Comparative Information

53. **Except when a PBE Standard permits or requires otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the financial report. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial report.**

53A. **An entity shall present, as a minimum, one statement of financial position with comparative information for the preceding period, one statement of comprehensive revenue and expense with comparative information for the preceding period, one cash flow statement with comparative information for the preceding period and one statement of changes in net assets/equity with comparative information for the preceding period, and related notes. PBE FRS 48 sets out requirements for the reporting of comparative service performance information.**

54. In some cases, narrative information provided in the financial report for the preceding period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the end of the preceding period and is yet to be resolved, are disclosed in the current period. Users may benefit from the disclosure of information that the uncertainty existed at the end of the preceding period and from disclosure of information about the steps that have been taken during the period to resolve the uncertainty. PBE FRS 48 notes that judgement is required in deciding when to provide comparative narrative and descriptive information.

55. **When the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose:**

(a) **The nature of the reclassification;**

(b) **The amount of each item or class of items that is reclassified; and**

(c) **The reason for the reclassification.**

55.1 PBE FRS 48 permits, but does not require, changes to comparative information.

56. **When it is impracticable to reclassify comparative amounts, an entity shall disclose:**

(a) **The reason for not reclassifying the amounts; and**

*(b) **The nature of the adjustments that would have been made if the amounts had been reclassified.**

57. Enhancing the inter-period comparability of information assists users in making and evaluating decisions, especially by allowing the assessment of trends in financial information for predictive purposes. In some circumstances, it is impracticable to reclassify comparative information for a particular prior period to achieve comparability with the current period. For example, data may not have been collected in the prior period(s) in a way that allows reclassification, and it may not be practicable to recreate the information.

58. PBE IPSAS 3 deals with the adjustments to comparative information required when an entity changes an accounting policy or corrects an error.

Structure and Content

Introduction

59. This Standard requires particular disclosures on the face of the statement of financial position, statement of comprehensive revenue and expense, separate statement of financial performance (if presented), and statement of changes in net assets/equity, and requires disclosure of other line items either on the face of those statements or in the notes. PBE IPSAS 2 sets out requirements for the presentation of a cash flow statement. PBE FRS 48 sets out requirements for the reporting of service performance information.

60. This Standard sometimes uses the term disclosure in a broad sense, encompassing items presented on the face of the (a) statement of financial position, (b) statement of comprehensive revenue and expense, (c) statement of changes in net assets/equity, (d) cash flow statement, and (e) within the service performance information, where this is required, as well as in the notes. Disclosures are also required by other PBE Standards. Unless specified to the contrary elsewhere in this Standard, or in another Standard, such disclosures are made either on the face of the statement of financial position, statement of comprehensive revenue and expense, statement of changes in net assets/equity or cash flow statement (whichever is relevant), within the service performance information, or in the notes.

Identification of the Financial Report

61. **The financial report shall be identified clearly, and distinguished from other information in the same published document.**

62. PBE Standards apply only to financial statements and service performance information, and not to other information presented in an annual report or other document. Therefore, it is important that users can distinguish information that is prepared using PBE Standards from other information that may be useful to users but is not the subject of those requirements.

63. **Each component of the financial report shall be identified clearly. In addition, the following information shall be displayed prominently, and repeated when it is necessary for a proper understanding of the information presented:**

    (a) **The name of the reporting entity or other means of identification, and any change in that information from the preceding reporting date;**

    (b) **Whether the financial report covers the individual entity or the economic entity;**

    (c) **The reporting date or the period covered by the financial report, whichever is appropriate to that component of the financial report;**

    (d) **The presentation currency, as defined in PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*; and**

    (e) **The level of rounding used in presenting amounts in the financial report.**

64. The requirements in paragraph 63 are normally met by presenting page headings and abbreviated column headings on each page of the financial report. Judgement is required in determining the best way of presenting such information. For example, when the financial report is presented electronically, separate pages are not always used; the above items are then presented frequently enough to ensure a proper understanding of the information included in the financial report.

65. Financial reports are often made more understandable by presenting information in thousands or millions of units of the presentation currency. This is acceptable as long as the level of rounding in presentation is disclosed and material information is not omitted.

Reporting Period

66. **Financial reports shall be presented at least annually. When an entity's reporting date changes and the annual financial report is presented for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial report:**

    (a) **The reason for using a longer or shorter period; and**

    (b) **The fact that comparative amounts for certain statements such as the statement of comprehensive revenue and expense, statement of changes in net assets/equity, cash flow statement, and related notes are not entirely comparable.**

67. In exceptional circumstances, an entity may be required to, or decide to, change its reporting date, for example in order to align the reporting cycle more closely with the budgeting cycle or to align the reporting date of a controlled entity with the reporting date of its controlling entity. When this is the case, it is important that (a) users be aware that the amounts shown for the current period and comparative amounts are not comparable, and (b) the reason for the change in reporting date is disclosed.

68. Normally, financial reports are consistently prepared covering a one-year period. However, for practical reasons, some entities prefer to report, for example, for a 52-week period. This Standard does not preclude this practice, because the resulting financial report is unlikely to be materially different from the report that would be presented for one year.

Timeliness

69. The usefulness of financial reports is impaired if they are not made available to users within a reasonable period after the reporting date. An entity should be in a position to issue its financial report within six months of the reporting date. Ongoing factors such as the complexity of an entity's operations are not

sufficient reason for failing to report on a timely basis. More specific deadlines are dealt with by legislation and regulations.

Statement of Financial Position

Current/Non-current Distinction

70. **An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its statement of financial position in accordance with paragraphs 76–87, except when a presentation based on liquidity provides information that is faithfully representative and is more relevant. When that exception applies, all assets and liabilities shall be presented broadly in order of liquidity.**

*71. **Whichever method of presentation is adopted, for each asset and liability line item that combines amounts expected to be recovered or settled (a) no more than twelve months after the reporting date, and (b) more than twelve months after the reporting date, an entity shall disclose the amount expected to be recovered or settled after more than twelve months.**

72. When an entity supplies goods or services within a clearly identifiable operating cycle, separate classification of current and non-current assets and liabilities on the face of the statement of financial position provides useful information by distinguishing the net assets that are continuously circulating as working capital from those used in the entity's long-term operations. It also highlights assets that are expected to be realised within the current operating cycle, and liabilities that are due for settlement within the same period.

73. For some entities, such as financial institutions, a presentation of assets and liabilities in increasing or decreasing order of liquidity provides information that is faithfully representative and is more relevant than a current/non-current presentation, because the entity does not supply goods or services within a clearly identifiable operating cycle.

74. In applying paragraph 70, an entity is permitted to present some of its assets and liabilities using a current/non-current classification, and others in order of liquidity, when this provides information that is faithfully representative and is more relevant. The need for a mixed basis of presentation might arise when an entity has diverse operations.

*75. Information about expected dates of realisation of assets and liabilities is useful in assessing the liquidity and solvency of an entity. PBE IPSAS 30 *Financial Instruments: Disclosures* requires disclosure of the maturity dates of financial assets and financial liabilities. Financial assets include trade and other receivables, and financial liabilities include trade and other payables. Information on the expected date of recovery and settlement of non-monetary assets and liabilities such as inventories and provisions is also useful, whether or not assets and liabilities are classified as current or non-current.

Current Assets

76. **An asset shall be classified as current when it satisfies any of the following criteria:**

    (a) **It is expected to be realised in, or is held for sale or consumption in, the entity's normal operating cycle;**

    (b) **It is held primarily for the purpose of being traded;**

    (c) **It is expected to be realised within twelve months after the reporting date; or**

    (d) **It is cash or a cash equivalent (as defined in PBE IPSAS 2 *Cash Flow Statements*), unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.**

    All other assets shall be classified as non-current.

77. This Standard uses the term non-current assets to include tangible, intangible, and financial assets of a long-term nature. It does not prohibit the use of alternative descriptions as long as the meaning is clear.

78. The operating cycle of an entity is the time taken to convert inputs or resources into the goods and services produced by an entity. For instance, governments transfer resources to public sector entities so that they can convert those resources into goods and services, or outputs, to meet the government's desired social, political, and economic outcomes. Similarly, many not-for-profit entities receive grants and donations for

conversion into services or goods in pursuit of social policy outcomes. When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

79. Current assets include assets (such as taxes receivable, user charges receivable, fines and regulatory fees receivable, members' fees receivable, contract grants receivable, prepayments, inventories and accrued investment revenue) that are either realised, consumed or sold, as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date. Current assets also include assets held primarily for the purpose of trading (examples include some financial assets that meet the definition of held for trading in PBE IPSAS 41 and the current portion of non-current financial assets.

Current Liabilities

80. **A liability shall be classified as current when it satisfies any of the following criteria:**

(a) **It is expected to be settled in the entity's normal operating cycle;**

(b) **It is held primarily for the purpose of being traded;**

(c) **It is due to be settled within twelve months after the reporting date; or**

(d) **The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date (see paragraph 84). Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.**

All other liabilities shall be classified as non-current.

81. Some current liabilities, such as government transfers payable and some accruals for employee and other operating costs, are part of the working capital used in the entity's normal operating cycle. Such operating items are classified as current liabilities even if they are due to be settled more than twelve months after the reporting date. The same normal operating cycle applies to the classification of an entity's assets and liabilities. When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

82. Other current liabilities are not settled as part of the normal operating cycle, but are due for settlement within twelve months after the reporting date or held primarily for the purpose of being traded. Examples are some financial liabilities that meet the definition of held for trading in PBE IPSAS 41, bank overdrafts, and the current portion of non-current financial liabilities, dividends or similar distributions payable, income taxes and other non-trade payables. Financial liabilities that provide financing on a long-term basis (i.e., are not part of the working capital used in the entity's normal operating cycle) and are not due for settlement within twelve months after the reporting date are non-current liabilities, subject to paragraphs 85 and 86.

83. An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting date, even if:

(a) The original term was for a period longer than twelve months; and

(b) An agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial report is authorised for issue.

84. If an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting date under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no agreement to refinance), the potential to refinance is not considered and the obligation is classified as current.

85. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date, with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial report for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

86. However, the liability is classified as non-current if the lender agreed by the reporting date to provide a period of grace ending at least twelve months after the reporting date, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.

87. In respect of loans classified as current liabilities, if the following events occur between the reporting date and the date the financial report is for issue, those events qualify for disclosure as non-adjusting events in accordance with PBE IPSAS 14 *Events After the Reporting Date*:

(a) Refinancing on a long-term basis;

(b) Rectification of a breach of a long-term loan agreement; and

(c) The receipt from the lender of a period of grace to rectify a breach of a long-term loan agreement ending at least twelve months after the reporting date.

Information to be Presented on the Face of the Statement of Financial Position

88. **The face of the statement of financial position shall include line items that present the following amounts:**

(a) **Property, plant and equipment;**

(b) **Investment property;**

(c) **Intangible assets;**

(d) **Financial assets (excluding amounts shown under (e), (g), (h) and (i));**

(e) **Investments accounted for using the equity method;**

(f) **Inventories;**

(g) **Recoverables from non-exchange transactions (for example, legacies receivable);**

(h) **Receivables from exchange transactions;**

(i) **Cash and cash equivalents;**

(j) **Taxes and transfers payable;**

(k) **Payables under exchange transactions;**

(l) **Provisions;**

(m) **Financial liabilities (excluding amounts shown under (j), (k) and (l));**

(n) **Non-controlling interest, presented within net assets/equity; and**

(o) **Net assets/equity attributable to owners of the controlling entity.**

88.1 **The face of the statement of financial position shall also include the following:**

(a) **The total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*; and**

(b) **Liabilities included in disposal groups classified as held for sale in accordance with PBE IFRS 5.**

89. **Additional line items (including disaggregating the line items listed in paragraph 88), headings, and sub-totals shall be presented on the face of the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.**

89A. When an entity presents subtotals in accordance with paragraph 89, those subtotals shall:

(a) Be comprised of line items made up of amounts recognised and measured in accordance with PBE Standards;

(b) Be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;

(c) Be consistent from period to period, in accordance with paragraph 42; and

(d) Not be displayed with more prominence than the subtotals and totals required in PBE Standards for the statement of financial position.

90. This Standard does not prescribe the order or format in which items are to be presented. Paragraph 88 simply provides a list of items that are sufficiently different in nature or function to warrant separate presentation on the face of the statement of financial position. Illustrative formats are set out in Appendix B to this Standard. In addition:

(a) Line items are included when the size, nature, or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position; and

(b) The descriptions used and the ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position.

91. The judgement on whether additional items are presented separately is based on an assessment of:

(a) The nature and liquidity of assets;

(b) The function of assets within the entity; and

(c) The amounts, nature and timing of liabilities.

92. The use of different measurement bases for different classes of assets suggests that their nature or function differs and, therefore, that they should be presented as separate line items. For example, different classes of property, plant and equipment can be carried at cost or revalued amounts in accordance with PBE IPSAS 17 *Property, Plant and Equipment*.

Information to be Presented either on the Face of the Statement of Financial Position or in the Notes

93. **An entity shall disclose, either on the face of the statement of financial position or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations.**

94. The detail provided in sub-classifications depends on the requirements of PBE Standards and on the size, nature and function of the amounts involved. The factors set out in paragraph 91 also are used to decide the basis of sub-classification. The disclosures vary for each item, for example:

(a) Items of property, plant and equipment are disaggregated into classes in accordance with PBE IPSAS 17;

(b) Receivables are disaggregated into amounts receivable from user charges, taxes and other non-exchange revenues, receivables from related parties, prepayments, and other amounts;

(c) Inventories are sub-classified in accordance with PBE IPSAS 12 *Inventories* into classifications such as merchandise, production supplies, materials, work in progress, and finished goods;

(d) Taxes and transfers payable are disaggregated into tax refunds payable, transfers payable, and amounts payable to other members of the economic entity;

(e) Provisions are disaggregated into provisions for employee benefits and other items; and

(f) Components of net assets/equity are disaggregated into contributed capital, accumulated comprehensive revenue and expense, and any reserves.

95. **When an entity has no share capital, it shall disclose sub-classifications of net assets/equity, either on the face of the statement of financial position or in the notes, showing separately:**

(a) **Contributed capital, being the cumulative total at the reporting date of contributions from owners, less distributions to owners;**

(b) **Accumulated comprehensive revenue and expense;**

(c) **Reserves, including a description of the nature and purpose of each reserve within net assets/equity; and**

(d) **Non-controlling interests.**

*95A. **If an entity has reclassified:**

(a) **A puttable financial instrument classified as an equity instrument; or**

(b) **An instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument;**

between financial liabilities and net assets/equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or net assets/equity), and the timing and reason for that reclassification.

96. Many entities will not have share capital, but the entity will be controlled exclusively by another public benefit entity. The nature of the controlling entity's interest in the net assets/equity of the entity is likely to be a combination of contributed capital and the aggregate of the entity's accumulated comprehensive revenue and expense and reserves that reflect the net assets/equity attributable to the entity's operations.

97. In some cases, there may be a non-controlling interest in the net assets/equity of the entity. For example, at the whole-of-government level, the economic entity may include a for-profit entity that has been partly privatised. Accordingly, there may be private shareholders who have a financial interest in the net assets/equity of the entity.

98. **When an entity has share capital, in addition to the disclosures in paragraph 95, it shall disclose the following, either on the face of the statement of financial position or in the notes:**

(a) **For each class of share capital:**

(i) **The number of shares authorised;**

(ii) **The number of shares issued and fully paid, and the number issued but not fully paid;**

(iii) **Par value per share, or that the shares have no par value;**

(iv) **A reconciliation of the number of shares outstanding at the beginning and at the end of the year;**

(v) **The rights, preferences and restrictions attaching to that class, including restrictions on the distribution of dividends and the repayment of capital;**

(vi) **Shares in the entity held by the entity or by its controlled entities or associates; and**

(vii) **Shares reserved for issue under options and contracts for the sale of shares, including the terms and amounts; and**

(b) **A description of the nature and purpose of each reserve within net assets/equity.**

Statement of Comprehensive Revenue and Expense

98.1 **The statement of comprehensive revenue and expense shall present, in addition to the surplus or deficit and other comprehensive revenue and expense sections:**

(a) **Surplus or deficit;**

(b) **Total other comprehensive revenue and expense;**

(c) **Comprehensive revenue and expense for the period, being the total of surplus or deficit and other comprehensive revenue and expense.**

If an entity presents a separate statement of financial performance it does not present the surplus or deficit section in the statement presenting comprehensive revenue and expense.

98.2 **An entity shall present the following items in the statements of comprehensive revenue and expense as allocations for the period:**

(a) **Surplus or deficit for the period attributable to:**

(i) **Non-controlling interests, and**

(ii) **Owners of the controlling entity.**

(b) **Total comprehensive revenue and expense for the period attributable to:**

(i) **Non-controlling interests, and**

(ii) **Owners of the controlling entity.**

If an entity presents surplus or deficit in a separate statement it shall present (a) in that statement.

98.3 **Additional line items (including disaggregating the line items listed in paragraph 99.1), headings, and subtotals shall be presented on the face of the statement(s) of comprehensive revenue and expense when such presentation is relevant to an understanding of the entity's financial performance.**

98.3A When an entity presents subtotals in accordance with paragraph 98.3, those subtotals shall:

(a) Be comprised of line items made up of amounts recognised and measured in accordance with PBE Standards;

(b) Be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;

(c) Be consistent from period to period, in accordance with paragraph 42; and

(d) Not be displayed with more prominence than the subtotals and totals required in PBE Standards for the statement of comprehensive revenue and expense.

98.3B An entity shall present the line items in the statement of comprehensive revenue and expense that reconcile any subtotals presented in accordance with paragraph 98.3 with the subtotals or totals required in PBE Standards for such statement.

98.4 Because the effects of an entity's various activities, transactions, and other events differ in terms of their impact on its ability to meet its service delivery obligations, disclosing the components of financial performance assists in an understanding of the financial performance achieved and in making projections of future results. Additional line items are included on the face of the statement of comprehensive revenue and expense, and the descriptions used and the ordering of items are amended when this is necessary to explain the elements of performance. Factors to be considered include materiality and the nature and function of the components of revenue and expenses. Revenue and expense items are not offset unless the criteria in paragraph 48 are met.

Surplus or Deficit for the Period

99. **All items of revenue and expense recognised in a period shall be included in surplus or deficit, unless a PBE Standard requires otherwise.**

99.1 The surplus or deficit section of the statement of comprehensive revenue and expense shall include line items that present the following amounts for the period:

(a) Revenue, presenting separately interest revenue calculated using the effective interest method;

(aa) Gains and losses arising from the derecognition of financial assets measured at amortised cost;

(b) Finance costs;

(ba) Impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with paragraphs 73–93 of PBE IPSAS 41;

(c) Share of the surplus or deficit of associates and joint ventures accounted for using the equity method;

(ca) If a financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through surplus or deficit, any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value at the reclassification date (as defined in PBE IPSAS 41);

(cb) If a financial asset is reclassified out of the fair value through other comprehensive revenue and expense measurement category so that it is measured at fair value through surplus or deficit, any cumulative gain or loss previously recognised in other comprehensive revenue and expense that is reclassified to surplus or deficit;

(d) Tax expense;

(e) A single amount comprising the total of the discontinued operations (see PBE IFRS 5); and

(f) Surplus or deficit

100–103. [Not used]

Other Comprehensive Revenue and Expense for the Period

103.1 **The other comprehensive revenue and expense section shall present line items for the amounts for the period of:**

(a) **Items of other comprehensive revenue (excluding amounts in paragraph (b)), classified by nature; and**

(b) **The share of other comprehensive revenue of associates and joint ventures accounted for using the equity method.**

*103.2 **An entity shall disclose the amount of income tax relating to each item of other comprehensive revenue and expense, including reclassification adjustments, either in the statement of other comprehensive revenue and expense or in the notes.**

103.3 An entity may present items of other comprehensive revenue and expense either:

(a) Net of related tax effects; or

(b) Before related tax effects with one amount shown for the aggregate amount of income tax relating to those items.

*103.4 **An entity shall disclose reclassification adjustments relating to components of other comprehensive revenue and expense.**

103.5 Other PBE Standards specify whether and when amounts previously recognised in other comprehensive revenue and expense are reclassified to surplus or deficit. Such reclassifications are referred to in this Standard as reclassification adjustments. A reclassification adjustment is included with the related component of other comprehensive revenue and expense in the period that the adjustment is reclassified to surplus or deficit. These amounts may have been recognised in other comprehensive revenue and expense as unrealised gains in the current or previous periods. Those unrealised gains must be deducted from other comprehensive revenue and expense in the period in which the realised gains are reclassified to surplus or deficit to avoid including them in total comprehensive revenue and expense twice.

*103.6 An entity may present reclassification adjustments in the statement(s) of comprehensive revenue and expense or in the notes. An entity presenting reclassification adjustments in the notes presents the items of other comprehensive revenue and expense after any related reclassification adjustments.

103.7 Reclassification adjustments arise, for example, on disposal of a foreign operation (see PBE IPSAS 4) and when some hedged forecast cash flows affect surplus or deficit (see paragraph 140(d) of PBE IPSAS 41 in relation to cash flow hedges).

103.8 Reclassification adjustments do not arise on changes in revaluation surplus recognised in accordance with PBE IPSAS 17 or PBE IPSAS 31 or on remeasurements of defined benefit plans recognised in accordance with PBE IPSAS 39. These components are recognised in other comprehensive revenue and expense and are not reclassified to surplus or deficit in subsequent periods. Changes in revaluation surplus may be transferred to accumulated comprehensive revenue and expense in subsequent periods as the asset is used or when it is derecognised (see PBE IPSAS 17 and PBE IPSAS 31). In accordance with PBE IPSAS 41, reclassification adjustments do not arise if a cash flow hedge or the accounting for the time value of an option (or the forward element of a forward contract or the foreign currency basis spread of a financial instrument) result in amounts that are removed from the cash flow hedge reserve or a separate component of net assets/equity, respectively, and included directly in the initial cost or other carrying amount of an asset or a liability. These amounts are directly transferred to assets or liabilities.

104–105. [Not used]

Information to be Presented either on the Face of the Statement of Comprehensive Revenue and Expense or in the Notes

106. **When items of revenue and expense are material, their nature and amount shall be disclosed separately.**

107. Circumstances that would give rise to the separate disclosure of items of revenue and expense include:

(a) Write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount or recoverable service amount as appropriate, as well as reversals of such write-downs;

(b) Restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring;

(c) Disposals of items of property, plant and equipment;

(d) Privatisations or other disposals of investments;

(e) Discontinued operations;

(f) Litigation settlements; and

(g) Other reversals of provisions.

108. **An entity shall present, either on the face of the statement of comprehensive revenue and expense or in the notes, a sub-classification of total revenue, classified in a manner appropriate to the entity's operations.**

109. **An entity shall present, either on the face of the statement of comprehensive revenue and expense or in the notes, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is faithfully representative and more relevant.**

110. Entities are encouraged to present the analysis in paragraph 109 on the face of the statement of comprehensive revenue and expense.

111. Expenses are sub-classified to highlight the costs and cost recoveries of particular programmes, activities, or other relevant segments of the reporting entity. This analysis is provided in one of two ways.

112. The first form of analysis is the nature of expense method. Expenses are aggregated in the statement of comprehensive revenue and expense according to their nature (for example, depreciation, purchases of materials, transport costs, employee benefits and advertising costs), and are not reallocated among various functions within the entity. This method may be simple to apply because no allocations of expenses to functional classifications are necessary. An example of a classification using the nature of expense method is as follows:

Revenue		X
Employee benefits costs	X	
Depreciation and amortisation expense	X	
Other expenses	X	
Total expenses		(X)
Surplus		X

113. The second form of analysis is the function of expense method and classifies expenses according to the programme or purpose for which they were made. This method can provide more relevant information to users than the classification of expenses by nature, but allocating costs to functions may require arbitrary allocations and involves considerable judgement. An example of a classification using the function of expense method is as follows:

Revenue	X
Expenses:	
Health expenses	(X)
Education expenses	(X)
Other expenses	(X)
Surplus	X

114. The expenses associated with the main functions undertaken by the entity are shown separately. In this example, the entity has functions relating to the provision of health and education services. The entity would present expense line items for each of these functions.

*115. **Entities classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefits expense.**

116. The choice between the function of expense method and the nature of expense method depends on historical and regulatory factors and the nature of the entity. Both methods provide an indication of those costs that might vary, directly or indirectly, with the outputs of the entity. Because each method of presentation has its merits for different types of entities, this Standard requires management to select the most relevant and faithfully representative presentation. However, because information on the nature of expenses is useful in predicting future cash flows, additional disclosure is required when the function of expense classification is used. In paragraph 115, employee benefits has the same meaning as in PBE IPSAS 39.

Fees for Audit Firms' Services

116.1 Paragraph 116.3 requires an entity to disclose information about the fees incurred in the reporting period for:

(a) The audit or review of the entity's financial reports;[3] and

(b) Each other type of service provided by the entity's audit or review firm.

116.2 The objective of this disclosure is to provide information that will assist users of general purpose financial reports to assess the extent to which non-audit services[4] have been provided by the entity's audit or review firm in the reporting period.

116.3 An entity shall disclose the fees incurred for services received from each audit or review firm[5], separately for:

(a) The audit or review of the financial reports (see paragraph 116.11 – 116.17);

***(b) Each type of other service performed by the entity's audit or review firm during the reporting period, using the following categories:**

(i) Audit or review related services (see paragraph 116.19 – 116.24);

(ii) Other assurance services and other agreed-upon procedures engagements (see paragraph 116.25 – 116.29);

(iii) Taxation services (see paragraph 116.31 – 116.32); and

(iv) Other services (see paragraph 116.34 – 116.38).

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3 The entity's general purpose financial report comprise of the financial statements and, where required, service performance information prepared in accordance with PBE FRS 48 *Service Performance Reporting*.

4 The reference to 'non-audit services' includes any service that does not form part of the entity's financial statement audit or review engagement.

5 An '*audit or review firm'* is defined as a sole practitioner, partnership or corporation or other entity undertaking the audit or review of the general purpose financial reports. A '*firm*' should be read as referring to its public sector equivalents where relevant.

The audit or review firm includes any network firms who provided services during the period. A 'network firm' is defined as an audit or review firm or entity that belongs to a network. A 'network' is a larger structure:

(a) That is aimed at cooperation; and

(b) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.

RDR 116.3 A Tier 2 entity shall disclose the total fees incurred for services other than the audit or review of the financial reports provided by the entity's audit or review firm, and a general description of these services.

116.4 Paragraph 116.3 requires the separate disclosure (under specified categories) of the fees incurred for services received from:

(a) The reporting entity's audit or review firm; and

(b) Each other audit or review firm involved in the audit or review of subsidiary entity financial reports (referred to as the 'component audit or review firm'), when consolidated financial reports are presented.

116.5 For public sector entities[6], the 'audit or review' firm will be the Controller and Auditor-General. When applying paragraph 116.3 and paragraph RDR 116.3, the fees incurred will include fees for services performed by an audit or review firm that completes a financial report audit or review engagement on behalf of the Controller and Auditor-General.

116.6 The disclosure of fees incurred for services covered by paragraph 116.3(b) and paragraph RDR 116.3, is required only when the audit or review firm has performed (or is performing) a financial report audit or review engagement in the reporting period. For public sector entities, this will include services received from service providers involved in completing the financial report audit or review engagement on behalf of the Controller and Auditor-General.

116.7 When consolidated financial reports are prepared by public sector entities, the fees disclosed for other services in accordance with paragraph 116.3(b) and paragraph RDR 116.3, shall only include those services the component audit or review firm has provided to the component for which they have provided financial report audit or review services. The disclosure of fees for other services, in accordance with paragraph 116.3(b) and paragraph RDR 116.3, is not required to include other services the component audit or review firm has provided to other entities in the group.

116.8 The disclosure of the fees 'incurred' for services received from each audit or review firm, as required by paragraph 116.3 and paragraph RDR 116.3, will be based on the amount of fees expensed (and/or capitalised) by the entity during the reporting period. The fee will include any disbursements incurred in connection with providing the services (such as travel and accommodation costs).

116.9 When an entity incurs a single fee for a bundle of services from its audit or review firm, the entity shall, when practical, allocate the fee to each different type of service, to meet the disclosure objective in paragraph 116.2. The fee allocation shall be based on the estimated amount of the stand-alone fee for each service as a proportion of the single fee amount. Where such a fee allocation is not practical, this shall be disclosed.

116.10 The descriptions used in this Standard for an 'audit engagement', a 'review engagement', an 'agreed-upon procedures engagement' and an 'assurance engagement', are based on the definitions of these terms as used in the professional and ethical standards and other standards issued by the New Zealand Auditing and Assurance Standards Board (NZAuASB).

Audit or review of the financial reports

116.11 Fees for the audit or review of the financial reports refer to the audit or review of the entity's general purpose financial reports, as presented in accordance with this Standard or PBE IAS 34 *Interim Financial Reporting*. For public benefit entities this will include:

(a) A complete set of financial statements; and

(b) Service performance information in accordance with PBE FRS 48, where this is required to be reported.

116.12 A financial report *audit engagement* is a reasonable assurance engagement where an assurance practitioner expresses an opinion on whether the historical financial report has been prepared, in all material respects, in accordance with an applicable financial reporting framework. A financial report audit engagement is conducted in accordance with applicable auditing and assurance standards.

[6] Public sector entities are public entities as defined in the Public Audit Act 2001, and all Offices of Parliament.

116.13 A financial report *review engagement* is a limited assurance engagement where an assurance practitioner provides a conclusion as to whether anything has come to their attention to indicate that the historical financial report has not been prepared, in all material respects, in accordance with an applicable financial reporting framework. A financial report review engagement is conducted in accordance with applicable auditing and assurance standards.

116.14 The total fees for the audit or review of the financial report include all the services performed by the auditor as required to enable them to issue an audit opinion or review conclusion on the financial report and provide other required communications to those charged with governance as part of the audit or review engagement.

116.15 The total fees under this category include work performed in relation to the:

(a) Annual financial report audit or review engagement; and

(b) Interim financial report audit or review engagement (if applicable).

116.16 The total fees under this category also include, when consolidated financial reports are presented, any fees incurred for the audit or review of the entity's subsidiaries' financial information. The total fees disclosed under this category will include any additional fees incurred as a result of issuing an audit opinion or review conclusion on the financial reports of the subsidiary entities.

116.17 Examples of services that form part of the financial report audit or review engagement include the following.

(a) Attendance at audit committee meetings, board meetings, or annual general meetings to discuss matters arising as a result of the financial report audit or review engagement.

(b) Discussions with management about audit or accounting matters that arise during or as a result of the financial report audit or review engagement.

(c) Preparation of a "management letter" to those charged with governance to report on the outcomes of the financial report audit or review engagement, including advice and recommendations to improve the internal control environment.

(d) Time incurred in connection with the audit or review of the income tax accrual or deferred tax balances as reported in the financial report.

116.18 [Not used]

Audit or review related services

*116.19 Fees for audit or review related services include services which are:

(a) Closely related to the work performed as part of the financial report audit or review engagement, but which are not required to complete the audit or review engagement described in paragraphs 116.11 – 116.17; and/or

(b) Services where it is reasonable to expect the services to be carried out by the entity's financial report auditor or reviewer.

*116.19A Services classified in this category may include assurance services or other types of services, such as agreed-upon procedures engagements, provided that the nature of the services is consistent with paragraph 116.19.

*116.20 Services that meet the description of audit or review related services in paragraph 116.19 include those services that are largely carried out by members of the financial report audit or review engagement team, and this work generally relies on synergies in knowledge gained from undertaking the financial report audit or review engagement.

*116.21 Audit or review related services also include services that are required by legislation or regulation to be performed by a suitably qualified auditor or assurance practitioner, when such services meet the description in paragraph 116.19.[7]

***116.22 To satisfy the disclosure requirements in paragraph 116.3(b)(i), the entity shall:**

(a) Describe the nature of each type of audit or review related service; and

(b) Disclose the total fees for each type of audit or review related service.

***116.22A In disclosing the information required in paragraph 116.22, an entity shall categorise each type of audit or review related service as follows:**

(a) Assurance engagements;

(b) Agreed-upon procedures engagements; or

(c) Other non-assurance engagements.

*116.23 Examples of types of audit or review related services could include:

(a) Engagements concerning summary financial reports and/or forecast financial reports;

(b) Reporting on whether processes, procedures, and controls relating to the financial reporting system are suitably designed and operating effectively;[8]

(c) Assurance engagements on solvency returns for insurance entities; and

(d) Agreed-upon procedures engagements that meet the description in paragraph 116.19 (see paragraphs 116.24A and 116.24B) – examples of such agreed-upon procedures engagements could include reporting on banking covenant calculations and reporting on the use of grant funding.

*116.24 Audit or review related services will also include any fees incurred by the reporting entity that arise from the audit or review of the entity's associates, joint ventures, and/or other related entity financial reports.[9]

*116.24A An *agreed-upon procedures engagement* involves a practitioner performing procedures that have been agreed upon by the practitioner and the engaging party, where the engaging party has acknowledged that the procedures performed are appropriate for the purpose of the engagement. The practitioner communicates the agreed-upon procedures performed and the related findings in the agreed-upon procedures report. The engaging party and other intended users consider for themselves the agreed-upon procedures and findings reported by the practitioner and draw their own conclusions from the work performed by the practitioner. An agreed-upon procedures engagement is not an audit, review or other assurance engagement. An agreed-upon procedures engagement does not involve obtaining evidence for the purpose of the practitioner expressing an opinion or an assurance conclusion in any form. Agreed-upon procedures engagements are carried out in accordance with applicable professional standards, including relevant ethical requirements.[10]

*116.24B Agreed-upon procedures engagements shall be classified as either audit or review related services, or as other assurance services and other agreed-upon procedures engagements, based on the nature of the engagement and the application of the category descriptions. Judgement may be required in making this assessment.

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[7] Examples could include engagements required under the *Financial Markets Conduct Act* 2013 to be performed by a qualified assurance practitioner.

[8] These assurance services may be required to satisfy regulatory requirements or may have been authorised by those charged with governance to give an additional level of comfort than that provided by the financial report audit or review engagement.

[9] Other related entities include for example (a) retirement benefit plans managed by the reporting entity to provide employee benefits; and (b) investment schemes where the entity is the scheme manager.

[10] This description is based on paragraphs 4 and 6 of ISRS (NZ) 4400 *Agreed-Upon Procedures Engagements*.

Other assurance services and other agreed-upon procedures engagements

*116.25 Other assurance services and other agreed-upon procedures engagements include:

(a) Any assurance services provided by an audit or review firm which have not been classified under categories listed in paragraphs 116.3(a) or 116.3(b)(i); and

(b) Any agreed-upon procedures engagements provided by an audit or review firm which have not been classified under the category in paragraph 116.3(b)(i).

*116.26 An *assurance service* involves an independent assurance practitioner evaluating information against certain criteria and expressing a conclusion about the information as a result of this evaluation, with a view to enhance the confidence of the intended users of this conclusion. Assurance engagements are conducted in accordance with applicable assurance standards.

*116.26A An *agreed-upon procedures engagement* is described in paragraph 116.24A.

*116.27 This category includes assurance services and agreed-upon procedures engagements that do not rely significantly on synergies in knowledge gained from undertaking the financial report audit or review engagement.

***116.28 To satisfy the disclosure requirements in paragraph 116.3(b)(ii), the entity shall:**

(a) Describe the nature of each type of other assurance service and other agreed-upon procedures engagement; and

(b) Disclose the total fees for each type of other assurance service and other agreed-upon procedures engagement.

***116.28A In disclosing the information required in paragraph 116.28, an entity shall categorise each type of service as follows:**

(a) Assurance engagements; or

(b) Agreed-upon procedures engagements.

*116.29 Examples of types of other assurance services and other agreed-upon procedures engagements could include:

(a) Assurance engagements on greenhouse gas statements or other sustainability reports that are not part of the financial report;

(b) Assurance engagements on adherence to cyber/cloud security procedures;

(c) Other regulatory assurance engagements which are not considered to be audit or review related services; and

(d) Those agreed-upon procedures engagements that are not considered to be audit or review related services – an example of such agreed-upon procedures engagements could be reporting on health and safety.

Taxation services

*116.30 Taxation services comprise non-audit and non-assurance services relating to ascertaining the entity’s tax liabilities (or entitlements) or satisfying other obligations under taxation law. This category excludes the review of tax balances or disclosures as part of performing the audit or review of the general purpose financial reports.

***116.31 To satisfy the disclosure requirements in paragraph 116.3(b)(iii), the entity shall:**

(a) Describe the nature of each type of taxation service; and

(b) Disclose the total fees for each type of taxation service.

*116.32 Examples of types of taxation services include:[11]

(a) Tax return preparation;

(b) Tax calculations to prepare accounting entries;

(c) Transfer pricing services;

(d) Tax planning and other tax advisory services;

(e) Tax services involving valuations; and

(f) Assistance in the resolution of tax disputes.

116.33 [Not used]

Other services

*116.34 Other services include any other services provided by the audit or review firm other than the services classified under the categories listed in paragraphs 116.3(a) and 116.3(b)(i) –(iii).

***116.35 To satisfy the disclosure requirements in paragraph 116.3(b)(iv), the entity shall:**

(a) Describe the nature of each type of other service; and

(b) Disclose the total fees for each type of other service.

*116.36 Examples of types of other services include:[12]

(a) Accounting and bookkeeping;

(b) Administration;

(c) Valuations (including actuarial valuations);

(d) Internal audit;

(e) Information technology (including financial information systems);

(f) Litigation support;

(g) Legal;

(h) Recruitment and remuneration;

(i) Corporate finance and restructuring; and

(j) Business acquisition due diligence.

116.37 [Not used]

116.38 The flowchart on the next page illustrates the application of the disclosure requirements concerning fees incurred for services provided by audit or review firms.

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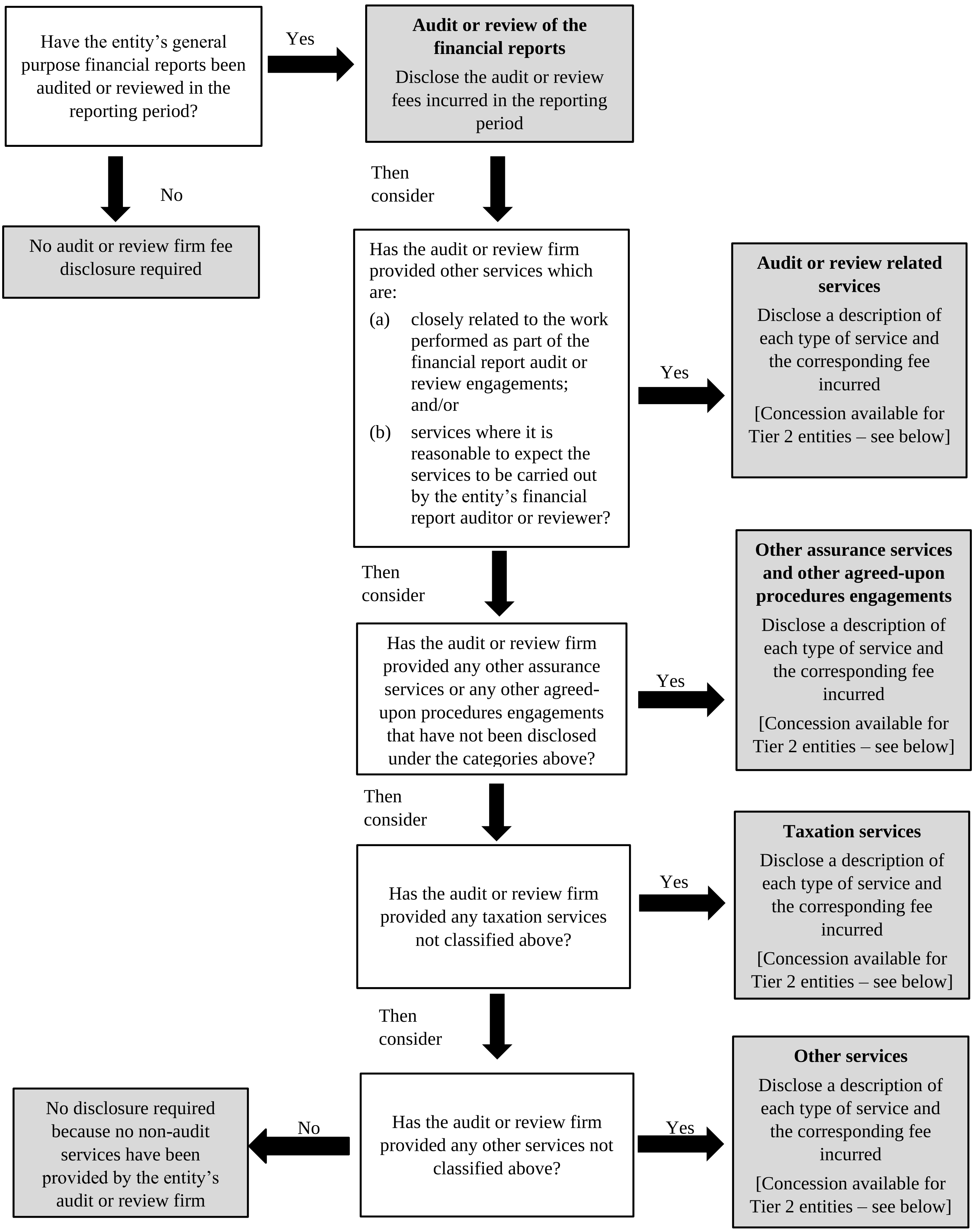
[11] PES 1 *Professional and Ethical Standard* 1, as applied by auditors and other assurance practitioners, includes requirements that prohibit a firm and network firm from providing certain tax services to audit or review clients in certain circumstances because the threats created to auditor independence cannot be addressed by applying safeguards.

[12] PES 1, as applied by auditors and other assurance practitioners, describes the types of threats to auditor independence that might be created by the provision of other services by the audit or review firm. In certain circumstances and for specific types of services, PES 1 expressly prohibits a firm or network firm from providing other services to an audit or review client because the threats created cannot be addressed by applying safeguards.

Application of disclosure requirements



A Tier 2 entity is required to disclose the fees incurred for the audit or review of the financial reports and the total fees incurred for non-audit and non-review services, together with a general description of the non-audit and non-review services (disaggregation of non-audit services by category is not required).

117. **When an entity provides a dividend or similar distribution to its owners and has share capital, it shall disclose, either on the face of the statement of comprehensive revenue and expense or the statement of changes in net assets/equity, or in the notes, the amount of dividends or similar distributions recognised as distributions to owners during the period, and the related amount per share.**

RDR 117.1 **A Tier 2 entity is not required to disclose the related amount per share of dividends or similar distributions recognised as distributions to owners during the period.**

Statement of Changes in Net Assets/Equity

118. **An entity shall present a statement of changes in net assets/equity showing on the face of the statement:**

(a) **Total comprehensive revenue and expense for the period showing separately the total amounts attributable to owners of the controlling entity and to non-controlling interests; and**

(b) **For each component of net assets/equity separately disclosed, the effects of changes in accounting policies and corrections of errors recognised in accordance with PBE IPSAS 3.**

119. **An entity shall also present, either on the face of the statement of changes in net assets/equity or in the notes:**

(a) **The amounts of transactions with owners acting in their capacity as owners, showing separately distributions to owners and contributions by owners;**

(b) **The balance of accumulated comprehensive revenue and expense at the beginning of the period and at the reporting date, and the changes during the period; and**

(c) **To the extent that components of net assets/equity are separately disclosed, a reconciliation between the carrying amount of each component of net assets/equity at the beginning and the end of the period, separately disclosing each change.**

120. Changes in an entity's net assets/equity between two reporting dates reflect the increase or decrease in its net assets during the period.

121. The overall change in net assets/equity during a period represents the total amount of comprehensive revenue and expense for the period together with any contributions by, and distributions to, owners in their capacity as owners.

122. Contributions by, and distributions to, owners include transfers between two entities within an economic entity (for example, a transfer from a government, acting in its capacity as owner, to a government department). Contributions by owners, in their capacity as owners, to controlled entities are recognised as a direct adjustment to net assets/equity only where they explicitly give rise to residual interests in the entity in the form of rights to net assets/equity.

123. [Not used]

124. PBE IPSAS 3 requires retrospective adjustments to reflect changes in accounting policies, to the extent practicable, except when the transitional provisions in another PBE Standard require otherwise. PBE IPSAS 3 also requires that restatements to correct errors are made retrospectively, to the extent practicable. Retrospective adjustments and retrospective restatements are made to the balance of accumulated comprehensive revenue and expense, except when a PBE Standard requires retrospective adjustment of another component of net assets/equity. Paragraph 118(b) requires disclosure in the statement of changes in net assets/equity of the total adjustment to each component of net assets/equity separately disclosed resulting, separately, from changes in accounting policies and from corrections of errors. These adjustments are disclosed for each prior period and the beginning of the period.

125. The requirements in paragraphs 118 and 119 may be met by using a columnar format that reconciles the opening and closing balances of each element within net assets/equity. An alternative is to present only the items set out in paragraph 118 in the statement of changes in net assets/equity. Under this approach, the items described in paragraph 119 are shown in the notes.

125A–125C [Not used]

Cash Flow Statement

126. Cash flow information provides users of financial statements with a basis to assess (a) the ability of the entity to generate cash and cash equivalents, and (b) the needs of the entity to utilise those cash flows. PBE IPSAS 2 sets out requirements for the presentation of the cash flow statement and related disclosures.

Service Performance Information

126.1 Service performance information provides users of financial reports with a basis to assess the service performance of the entity. PBE FRS 48 specifies which entities are required to present service performance information in accordance with that Standard and sets out requirements for the reporting of service performance information and related disclosures.

Notes

Structure

127. **The notes shall:**

   (a) **Present information about the basis of preparation of the financial report and the specific accounting policies used, in accordance with paragraphs 132–139;**

   (b) **Disclose the information required by PBE Standards that is not presented on the face of the statement of financial position, statement of comprehensive revenue and expense, statement of changes in net assets/equity, cash flow statement, or within the service performance information; and**

   (c) **Provide additional information that is not presented on the face of the statement of financial position, statement of comprehensive revenue and expense, statement of changes in net assets/equity, cash flow statement, or within the service performance information, but that is relevant to an understanding of any of them.**

128. **Notes shall, as far as practicable, be presented in a systematic manner. In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial report. Each item on the face of the statement of financial position, statement of comprehensive revenue and expense, statement of changes in net assets/equity, cash flow statement, and within the service performance information shall be cross-referenced to any related information in the notes.**

129. Examples of systematic ordering or grouping of the notes include:

   (a) Giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its service performance, financial performance and financial position, such as grouping together information about particular operating activities;

   (b) Grouping together information about items measured similarly such as assets measured at fair value; or

   (c) Following the order of the line items in the statement of comprehensive revenue and expense and the statement of financial position, such as:

      (i) A statement of compliance with PBE Standards (see paragraph 28);

      (ii) Significant accounting policies applied (see paragraph 132);

      (iii) Supporting information for items presented on the face of the statement of financial position, statement of comprehensive revenue and expense, statement of changes in net assets/equity, or cash flow statement, in the order in which each statement and each line item is presented; and

      (iv) Other disclosures, including:

         (1) Contingent liabilities (see PBE IPSAS 19), and unrecognised contractual commitments; and

         (2) Non-financial disclosures, e.g., the entity’s financial risk management objectives and policies (see PBE IPSAS 30).

130. [Deleted by NZASB]

131. Notes providing information about the basis of preparation of the financial report and specific accounting policies may be presented as a separate component of the financial report.

Disclosure of Accounting Policies

132. **An entity shall disclose its significant accounting policies comprising:**

(a) **The measurement basis (or bases) used in preparing the financial report;**

(b) **The extent to which the entity has applied any transitional provisions in any PBE Standard; and**

(c) **The other accounting policies used that are relevant to an understanding of the financial report.**

133. It is important for users to be informed of the measurement basis or bases used in the financial report (for example, historical cost, current cost, net realisable value, fair value, recoverable amount, or recoverable service amount), because the basis on which the financial report is prepared significantly affects its analysis. When more than one measurement basis is used in the financial report, for example when particular classes of assets are revalued, it is sufficient to provide an indication of the categories of assets and liabilities to which each measurement basis is applied.

134. In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events, and conditions are reflected in the reported financial performance and financial position. Each entity considers the nature of its operations and the policies that the users of its financial report would expect to be disclosed for that type of entity. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in PBE Standards. An example is disclosure of whether an entity applies the fair value or cost model to its investment property (see PBE IPSAS 16 *Investment Property*). Some PBE Standards specifically require disclosure of particular accounting policies, including choices made by management between different policies allowed in those Standards. For example, PBE IPSAS 17 requires disclosure of the measurement bases used for classes of property, plant and equipment. PBE IPSAS 5 *Borrowing Costs* requires disclosure of whether borrowing costs are recognised immediately as an expense, or capitalised as part of the cost of qualifying assets.

135. [Deleted by NZASB]

136. An accounting policy may be significant because of the nature of the entity's operation, even if amounts for current and prior periods are not material. It is also appropriate to disclose each significant accounting policy that is not specifically required by PBE Standards, but is selected and applied in accordance with PBE IPSAS 3.

137. **An entity shall disclose, along with its significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 140), management[13] has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial report.**

138. In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial report. For example, management makes judgements in determining:

(a) Whether assets are investment properties;

(b) Whether agreements for the provision of goods and/or services that involve the use of dedicated assets are leases;

(c) Whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue;

(d) Whether the substance of the relationship between the reporting entity and other entities indicates that these other entities are controlled by the reporting entity; and

[13] In this context, management is the person/committee responsible for the financial report.

(e) Whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

139. Some of the disclosures made in accordance with paragraph 137 are required by other PBE Standards. For example, PBE IPSAS 38 *Disclosure of Interests in Other Entities* requires an entity to disclose the judgements it has made in determining whether it controls another entity. PBE IPSAS 16 requires disclosure of the criteria developed by the entity to distinguish investment property from owner-occupied property, and from property held for sale in the ordinary course of business, when classification of the property is difficult.

Key Sources of Estimation Uncertainty

140. **An entity shall disclose in the notes information about (a) the key assumptions concerning the future, and (b) other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:**

(a) **Their nature; and**

(b) **Their carrying amount as at the reporting date.**

141. Determining the carrying amounts of some assets and liabilities requires estimation of the effects of uncertain future events on those assets and liabilities at the reporting date. For example, in the absence of recently observed market prices used to measure the following assets and liabilities, future-oriented estimates are necessary to measure (a) the recoverable amount of certain classes of property, plant and equipment, (b) the effect of technological obsolescence on inventories, and (c) provisions subject to the future outcome of litigation in progress. These estimates involve assumptions about such items as the risk adjustment to cash flows or discount rates used and future changes in prices affecting other costs.

142. The key assumptions and other key sources of estimation uncertainty disclosed in accordance with paragraph 140 relate to the estimates that require management's most difficult, subjective, or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex, and the potential for a consequential material adjustment to the carrying amounts of assets and liabilities normally increases accordingly.

143. The disclosures in paragraph 140 are not required for assets and liabilities with a significant risk that their carrying amounts might change materially within the next financial year if, at the reporting date, they are measured at fair value based on recently observed market prices (their fair values might change materially within the next financial year, but these changes would not arise from assumptions or other sources of estimation uncertainty at the reporting date).

144. The disclosures in paragraph 140 are presented in a manner that helps users of a financial report to understand the judgements management makes about the future and about other key sources of estimation uncertainty. The nature and extent of the information provided vary according to the nature of the assumption and other circumstances. Examples of the types of disclosures made are:

(a) The nature of the assumption or other estimation uncertainty;

(b) The sensitivity of carrying amounts to the methods, assumptions, and estimates underlying their calculation, including the reasons for the sensitivity;

(c) The expected resolution of an uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts of the assets and liabilities affected; and

(d) An explanation of changes made to past assumptions concerning those assets and liabilities, if the uncertainty remains unresolved.

145. It is not necessary to disclose budget information or forecasts in making the disclosures in paragraph 140.

*146. When it is impracticable to disclose the extent of the possible effects of a key assumption or another key source of estimation uncertainty at the reporting date, the entity discloses that it is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the entity discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.

147. The disclosures in paragraph 137 of particular judgements management made in the process of applying the entity's accounting policies do not relate to the disclosures of key sources of estimation uncertainty in paragraph 140.

148. The disclosure of some of the key assumptions that would otherwise be required in accordance with paragraph 140 is required by other PBE Standards. For example, PBE IPSAS 19 requires disclosure, in specified circumstances, of major assumptions concerning future events affecting classes of provisions. PBE IPSAS 30 requires disclosure of significant assumptions applied in estimating fair values of financial assets and financial liabilities that are carried at fair value. PBE IPSAS 17 requires disclosure of significant assumptions applied in estimating fair values of revalued items of property, plant and equipment.

Capital

*148A. **An entity shall disclose information that enables users of its financial report to evaluate the entity's objectives, policies, and processes for managing capital.**

148A.1 'Capital' in this context refers to the components of assets, liabilities and net assets/equity that the entity regards as capital and manages as such. For many entities, capital is the same as net assets/equity. However for some entities, certain instruments classified as liabilities under PBE IPSAS 28 are considered to be capital.

*148B. To comply with paragraph 148A the entity discloses the following:

(a) Qualitative information about its objectives, policies, and processes for managing capital, including (but not limited to):

(i) A description of what it manages as capital;

(ii) When an entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital; and

(iii) How it is meeting its objectives for managing capital.

(b) Summary quantitative data about what it manages as capital. Some entities regard some financial liabilities (e.g., some forms of subordinated debt) as part of capital. Other entities regard capital as excluding some components of equity (e.g., components arising from cash flow hedges).

(c) Any changes in (a) and (b) from the previous period.

(d) Whether during the period it complied with any externally imposed capital requirements to which it is subject.

(e) When the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

These disclosures shall be based on the information provided internally to the entity's key management personnel.

*148C. An entity may manage capital in a number of ways and be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities, and those entities may also operate in several jurisdictions. When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or distorts a financial report user's understanding of an entity's capital resources, the entity shall disclose separate information for each capital requirement to which the entity is subject.

Puttable Financial Instruments Classified as Net Assets/Equity

*148D. **For puttable financial instruments classified as equity instruments, an entity shall disclose (to the extent not disclosed elsewhere):**

(a) **Summary quantitative data about the amount classified as net assets/equity;**

(b) **Its objectives, policies and processes for managing its obligation to repurchase or redeem the instruments when required to do so by the instrument holders, including any changes from the previous period;**

(c) **The expected cash outflow on redemption or repurchase of that class of financial instruments; and**

(d) **Information about how the expected cash outflow on redemption or repurchase was determined.**

Comparison with Prospective Financial Statements

148.1 **Where an entity has published general purpose prospective financial statements for the period of the financial statements, the entity shall present a comparison of the prospective financial statements with the historical financial statements being reported. Explanations for major variances shall be given.**

148.2 PBE FRS 42 *Prospective Financial Statements* defines general purpose prospective financial statements. Legislative or other requirements may require a comparison with originally published information, the most recently published information, or both.

148.3 Comparison of prospective financial statements with actual financial results is an essential element of accountability. In the case of FMC reporting entities a comparison of actual financial results against the originally published statements is important because it provides users with a comparison of actual performance with the projected performance at the time the entity raised funds. In the case of other entities, comparisons between projected performance and actual performance for a period are a means of demonstrating accountability for the resources used and the financial management of assets and liabilities. Some entities provide long-term prospective financial statements which are updated annually, prior to the beginning of the year. In such cases a comparison of actual financial results with the most recent prospective financial statements published prior to the beginning of the period is generally relevant. Where information is revised during the course of a year, the reasons for revising the information and an explanation of the differences between the originally published prospective financial statements and the historical financial statements should be given. PBE FRS 48 establishes requirements for comparisons of prospective and actual service performance information, where such comparisons are presented.

Other Disclosures

*149. **An entity shall disclose in the notes:**

(a) **The amount of dividends, or similar distributions, proposed or declared before the financial report was authorised for issue, but not recognised as a distribution to owners during the period, and the related amount per share; and**

(b) **The amount of any cumulative preference dividends, or similar distributions, not recognised.**

*150. **An entity shall disclose the following, if not disclosed elsewhere in information published with the financial report:**

(a) **The domicile and legal form of the entity, and the jurisdiction within which it operates;**

(b) **A description of the nature of the entity's operations and principal activities;**

(c) **A reference to the relevant legislation governing the entity's operations (if any);**

(d) **The name of the controlling entity and the ultimate controlling entity of the economic entity (where applicable); and**

(e) **If it is a limited life entity, information regarding the length of its life.**

150.1–150.10 [Deleted by NZASB. These paragraphs outlined service performance reporting requirements prior to PBE FRS 48 *Service Performance Reporting* being issued. Entities that have not yet adopted PBE FRS 48 should refer to an earlier version of PBE IPSAS 1.]

Transitional Provisions

151–152. [Not used]

Commencement and application

153–154. [Not used]

154.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

154.2 ***Disclosure Initiative* (Amendments to PBE IPSAS 1), issued in July 2015, amended paragraphs 21, 47, 88−89, 98.3, 99.1, 103.1, 128−129, 132, 134 and 137, added paragraphs 46A, 89A, 98.3A, and 98.3B, and deleted paragraphs 130 and 135. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 154.1. Entities are not required to disclose the information required by paragraphs 33−35 of PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*.**

154.3 ***2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraphs 21, 53 and 54, added paragraph 53A and added a new subheading above paragraph 53. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 154.1. If an entity applies those amendments for an earlier period it shall disclose that fact.**

154.4 ***Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments*, issued in December 2015, amended paragraphs 7, RDR 27.1 and 28, renumbered paragraph 28.1 as 28.2, renumbered paragraph 28.2 as 28.4 and amended it and added paragraphs RDR 28.1 and RDR 28.3. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted.**

154.5 ***2016 Omnibus Amendments to PBE Standards*, issued in January 2017, amended paragraphs 29, 44, 70, 73, 74, 109 and 116 and deleted Appendix A. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2017.**

154.6 **PBE IPSAS 35 *Consolidated Financial Statements* and PBE IPSAS 38 *Disclosure of Interests in Other Entities* issued in January 2017, amended paragraphs 4, 7, 88, 95, 97, 98.2, 118, 134 and 139. An entity shall apply those amendments when it applies PBE IPSAS 35 and PBE IPSAS 38.**

154.7 **PBE IFRS 9 *Financial Instruments*, issued in January 2017, amended paragraphs 7, 79, 82, 99.1, 103.5, 103.7 and 103.8. An entity shall apply those amendments when it applies PBE IFRS 9.[14]**

154.8 ***Approved Budget* (Amendments to PBE IPSAS 1), issued in May 2017, amended paragraph 21. An entity shall apply that amendment for annual financial statements covering periods beginning on or after 1 January 2018. Earlier application is permitted.**

154.9 **PBE IPSAS 39, issued in May 2017, amended paragraphs 7, 103.8 and 116. An entity shall apply those amendments when it applies PBE IPSAS 39.**

154.10 **PBE FRS 48 *Service Performance Reporting*, issued in November 2017, amended paragraphs 1–3, 7, 15–19, 21, 24.1, 25–28.2, 28.4, 29, 31–33, 35–36, 38–39, 41–45, 46A, 47, 53–54, 59–66, 68–69, 78, 83, 85, 87, 116.1, 127–129, 131–134, 137–138, 144, 148A, 148C, 148.3 and 149–150 and amended the headings above paragraphs 15, 19, 20.1, 61 and 148.1, added paragraphs 20.1, 46A.1−46A.2, 55.1 and 126.1 and a heading above that paragraph, deleted paragraphs 7.1 and 150.1−150.10 and the related heading, and withdrew Appendix C. An entity shall apply those amendments when it applies PBE FRS 48.**

154.11 **PBE IPSAS 41, issued in March 2019, amended paragraphs 7, 79, 82, 99.1, 103.5, 103.7, 103.8, 138 and 154.7. An entity shall apply those amendments when it applies PBE IPSAS 41.**

154.12 [See PBE IFRS 17 *Insurance Contracts* and *Amendments to PBE IFRS 17*.]

154.13 ***Going Concern Disclosures* (Amendments to PBE IPSAS 1), issued in August 2020, added paragraphs 41.1–41.2 and the related heading. An entity shall apply those amendments for annual periods ending on or after 30 September 2020. Earlier application is permitted.**

[14] PBE IFRS 9 was subsequently withdrawn by PBE IPSAS 41. The amendments in Appendix D of PBE IFRS 9 were not compiled.

Disclosure of Fees for Audit Firms' Services

154.14 The amending Standard *Disclosure of Fees for Audit Firms' Services* (Amendments to PBE IPSAS 1), published in May 2023, amended paragraphs 116.1 and 116.2, added a heading above paragraph 116.1 and added paragraphs 116.3–116.38 and the related headings.

154.15 An entity applying the amendments in this amending Standard shall provide comparative information in respect of the preceding accounting period.

154.16 An entity shall apply these amendments in accordance with the commencement and application date provisions in paragraphs 154.17–154.19. An entity that applies these amendments to an 'early adoption accounting period' shall disclose that fact.

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

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

Accounting period in relation to which standards commence to apply (section 28 Financial Reporting Act 2013)

154.18 The accounting periods in relation to which this amending Standard commences to apply are:

(a) For an **early adopter**, those accounting periods following, and including, the **early adoption accounting period**.

(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**.

154.19 In paragraph 154.18:

Early adopter means a reporting entity that applies this amending 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 amending Standard takes effect (and to avoid doubt, that period may have begun before this amending Standard takes effect); and

(b) For which the early adopter:

(i) First applies this amending Standard in preparing its financial report; and

(ii) Discloses in its financial report for that accounting period that this amending Standard has been applied for that period.

Mandatory date means 1 January 2024.

Withdrawal and Replacement of PBE IPSAS 1 (May 2013)

155. This Standard, when applied, supersedes PBE IPSAS 1 *Presentation of Financial Statements* issued in May 2013.

Appendix A

[Deleted by IPSASB]

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IPSAS 1.

BC1. The New Zealand Accounting Standards Board (NZASB) has modified IPSAS 1 *Presentation of Financial Statements* for application by Tier 1 and Tier 2 public benefit entities. Where applicable, disclosure concessions have been identified for Tier 2 entities, the language generalised for use by public benefit entities and an illustrative example added for not-for-profit entities. The NZASB considered that the requirements of IPSAS 1 are generally appropriate for application by public benefit entities.

BC2. [Deleted]

Service Performance Reporting

BC3. When PBE IPSAS 1 was first issued it included non-integral implementation guidance on service performance reporting (as Appendix C) pending the development of a standard on service performance reporting. The NZASB issued PBE FRS 48 *Service Performance Reporting* in November 2017 and, as a consequence, withdrew the previous non-integral implementation guidance in Appendix C. At that time, the NZASB also made a number of changes to PBE IPSAS 1, including changing the title of that Standard to reflect the fact that the general purpose financial reports of many PBEs include both financial statements and service performance information. The NZASB noted that the change in title of PBE IPSAS 1 was for consistency between PBE Standards and the *Public Benefit Entities' Conceptual Framework* and did not imply that entities should change the title of their general purpose financial report.

BC4. [Deleted by NZASB]

Other Comprehensive Revenue and Expense

BC5. The NZASB has modified PBE IPSAS 1 to require the presentation of a statement of comprehensive revenue and expense. The NZASB considered feedback from constituents recommending this change. It also noted that this modification continues current practice and separates all revenue and expenses from transactions with owners in their capacity as owners.

Disclosure Initiative Amendments

BC6. The NZASB amended PBE IPSAS 1 for the Disclosure Initiative (Amendments to IAS 1) issued by the IASB in December 2014. After consideration of the application of the XRB's Policy Approach to Developing the Suite of PBE Standards (PBE Policy Approach) to IASB ED/2014/1 *Disclosure Initiative* (Proposed Amendments to IAS 1), the NZASB decided that the anticipated benefits of the amendments resulting in high quality financial reporting, and the relevance of the amendments to all PBEs were sufficient for the NZASB to incorporate these amendments into PBE Standards. This decision was confirmed by the NZASB in February 2015 after the release by the IASB of *Disclosure Initiative* (Amendments to IAS 1) in December 2014. The NZASB noted that there was minimal risk that the proposals would affect the coherence of PBE Standards.

2015 Omnibus Amendments to PBE Standards

BC7. In the IASB's *Annual Improvements to IFRSs Cycle 2009–2011* the IASB amended IAS 1 to clarify the requirements for comparative information. The IPSASB made equivalent amendments to IPSAS 1 in respect of some, but not all, of the IASB's amendments. The IPSASB did not incorporate those parts of the amendments relating to IFRS 1 *First-time Adoption of International Financial Reporting Standards* or IAS 34 *Interim Financial Reporting* as there are no equivalent standards for those IPSASs. The IPSASB did not incorporate the amendments related to presenting a statement of financial position at the beginning of a preceding period for retrospective changes resulting from accounting policy changes, restatements and reclassifications because IPSAS 1 does not require presentation of an opening statement of financial position. The IPSASB did not incorporate amendments related to presenting additional comparative information as this was not considered a minor change.

BC8. The NZASB agreed to incorporate the IPSASB's amendments to IPSAS 1 in PBE IPSAS 1. In addition, it included the amendments that relate to first-time adoption of PBE Standards by entities other than those previously applying NZ IFRSs and interim reporting because PBE Standards include requirements on these topics. The NZASB made these amendments as part of the *2015 Omnibus Amendments to PBE Standards.*

2016 Omnibus Amendments to PBE Standards

BC9. The NZASB issued the *Public Benefit Entities' Conceptual Framework* (PBE Conceptual Framework) in May 2016. The PBE Conceptual Framework is based on the IPSASB's *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the IPSASB's Conceptual Framework). The NZASB noted that following the finalisation of its Conceptual Framework the IPSASB subsequently amended a number of IPSASs. *Improvements to IPSASs 2015* amended IPSASs to reflect the first four chapters of the IPSASB's Conceptual Framework. Chapters 1–4 address the role and authority of a conceptual framework, the objectives of general purpose financial reporting, users of general purpose financial reports, the qualitative characteristics and the constraints on information in general purpose financial reports, and the key characteristics of a reporting entity. The NZASB agreed to make equivalent amendments to PBE Standards and did so in the *2016 Omnibus Amendments to PBE Standards*.

BC10. In making the changes to reflect Chapters 1–4 of the PBE Conceptual Framework the NZASB replaced references to the previous qualitative characteristic of "reliability" with references to the qualitative characteristic of "faithful representation". The NZASB noted that, in some instances, the terms "reliable" and "reliably" are used as recognition criteria or related guidance on aspects of measurement. In such cases the IPSASB had added an explanatory footnote (to the first such use in a standard), pending the completion of a fuller review of recognition criteria and related guidance. The NZASB took the same approach as the IPSASB and added footnotes where appropriate. This footnote states that "information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent." The NZASB did not change references to the terms "reliable" or "reliably" where they were being used with their ordinary meaning.

Approved Budget (Amendments to PBE IPSAS 1)

BC11. *Approved Budget* (Amendments to PBE IPSAS 1) amended PBE IPSAS 1 by removing the reference to an approved budget in paragraph 21(e). The NZASB noted that the term was causing confusion in practice. The term approved budget is defined in IPSAS 24 *Presentation of Budget Information in Financial Statements*, but IPSAS 24 has not been included in the suite of PBE Standards. The NZASB noted that although many public sector entities in New Zealand may be required to make plans or budgets publicly available, these plans or budgets are not normally referred to as an approved budget. The NZASB therefore replaced the reference to an approved budget with a reference to paragraph 148.1 which establishes requirements regarding comparisons between general purpose prospective financial statements and historical financial statements. The NZASB also removed references to approved budget in PBE IAS 34 *Interim Financial Reporting*.

BC12. ED NZASB 2016-9 *Approved Budget* (Proposed Amendments to PBE IPSAS 1) proposed that the comparison referred to in paragraph 148.1 could be presented either on the face of the financial statements or in the notes. Although most respondents agreed with the proposals in the ED, one respondent noted that this information underpins accountability and decision making in the public sector and expressed the view that permitting presentation of this comparison in the notes would diminish the importance of this information. The NZASB acknowledged the importance of such comparisons in the public sector and agreed that, in the case of public sector entities, such comparisons should be given prominence either on the face of the financial statements or as a separate statement. In the case of not-for-profit entities, the NZASB agreed that the comparison could also be presented in the notes.

Going Concern Disclosures

BC13. In June 2020 the NZASB issued ED 2020-3 *Going Concern Disclosures* (Proposed amendments to PBE IPSAS 1). The NZASB noted that the COVID-19 pandemic in 2020 resulted in significant disruption and uncertainties for many entities and led to an increased interest in going concern disclosures. The NZASB was of the view that more specific going concern disclosure requirements would help preparers of financial reports when applying existing disclosure requirements to provide relevant and transparent information to resource providers and other users of financial reports in these circumstances, both in the current environment and in the future. The NZASB considered that users had an increased need for information about going concern assessments at this time. The NZASB also noted that there was diversity in practice in the level of information provided by entities and was of the view that users would benefit from more consistent disclosure.

BC14. The NZASB considered that the matter was of sufficient importance, and users' need for information sufficiently urgent, to propose New Zealand-specific disclosures. Constituents were broadly supportive of the proposals, although some would have preferred that the matter be addressed by international bodies. The NZASB finalised these amendments in August 2020.

Fees for Audit Firms' Services

BC15. In June 2022 the NZASB issued ED 2020-10 *Disclosure of Fees Paid to Audit Firms* (Proposed amendments to PBE IPSAS 1) to enhance the existing requirements concerning the disclosure of information about fees incurred by the reporting entity[15] during the reporting period for:

(a) the audit or review of the entity's financial reports; and

(b) other types of service provided by the entity's audit or review firm.

BC16. The enhanced disclosures were proposed in response to concerns raised by key stakeholders about the inadequacy and inconsistency of information disclosed in general purpose financial reports about the nature and fees incurred for non-audit services provided by an entity's audit or review firm.

BC17. The NZASB noted that the provision of non-audit services by an entity's audit or review firm is often seen by users as a key indicator of possible threats to auditor or reviewer independence. However, the NZASB also noted that the provision of non-audit services is just one of several factors that should be considered by those charged with governance when assessing auditor or reviewer independence.

BC18. The NZASB agreed that the objective of the enhanced disclosures was not to provide users with all the information necessary to enable them to assess auditor independence, because those charged with governance have the responsibility for performing this assessment. In addition, the auditor's report, issued as a result of a financial report audit or review engagement, is required to include a statement that the auditor or reviewer is independent of the entity in accordance with the relevant professional and ethical standards.

BC19. In response to concerns raised by key stakeholders noted in BC16, the NZASB agreed the disclosure objective should be to provide information that will assist users of general purpose financial reports to assess the extent to which non-audit services have been provided by the entity's audit or review firm in the reporting period.

BC20. The NZASB also agreed the disclosure objective was not to provide users with information about all relationships the audit or review firm may have with the reporting entity. The auditor or reviewer may have other relationships with the reporting entity in addition to those that arise from the provision of non-audit services. The auditor's report, issued as a result of a financial reports audit or review engagement, is required to include a statement as to the existence of any relationship (other than that of auditor or reviewer) which the auditor or reviewer has with, or any interest which the auditor or reviewer has in, the entity or any of its subsidiaries.

BC21. The NZASB acknowledged that under applicable professional and ethical standards, auditors and audit firms are prohibited from providing certain non-audit services under certain circumstances. The NZASB noted the enhanced disclosures are not intended to provide guidance on when it is appropriate for certain types of non-audit services to be provided by an entity's audit or review firm. Instead, the enhanced disclosures are intended to provide increased transparency and consistency of reporting when a reporting entity has incurred fees for non-audit services in the reporting period.

BC22. The NZASB considered whether the amendments should also include proposals concerning the disclosure of information about audit tenure. The Board acknowledged this provided important information for users when considering risks to auditor independence, but agreed not to propose disclosure requirements about audit tenure at this time. The Board will continue to follow developments in Australia and internationally on this matter.

BC23. Constituents were broadly supportive of the proposed enhanced disclosure. However, some constituents recommended refinements and improvements to the proposals. The key areas where the NZASB agreed to make changes to the proposals based on constituents' feedback are explained below.

[15] The reference to 'reporting entity' in the BCs includes the group when consolidated financial reports are prepared.

Classification of agreed-upon procedures engagements

BC24. The proposed disclosure requirements did not specifically refer to agreed-upon procedures engagements. Some constituents recommended clarifying the category in which such engagements should be classified to promote consistent application. It was also noted that some agreed-upon procedures are consistent with the description of 'audit or review related services' and should be classified in that category when this is the case.

BC25. In response to constituents' feedback, the NZASB agreed to:

(a) Extend the category 'other assurance services' to 'other assurance services and other agreed-upon procedures engagements'; and

(b) Specify that an agreed-upon procedures engagement is classified as 'audit or review related services' when the nature of the engagement is consistent with the description of that category – otherwise, the engagement is classified as 'other assurance services and other agreed-upon procedures engagements'.

BC26. The NZASB acknowledges that for some types of agreed-upon procedures engagements, judgement may be required in assessing whether the most appropriate category is 'audit or review related services' or 'other assurance engagements and other agreed-upon procedures engagements'. However, possible inconsistencies in classification are expected to be mitigated by the requirement to disclose the nature of the services included within each category.

BC27. Furthermore, to mitigate the impact of judgement mentioned in paragraph BC19, the NZASB decided to require entities to:

(a) categorise each type of service classified within 'audit or review related services' as an assurance engagement, an agreed-upon procedures engagement, or another non-assurance engagement; and

(b) categorise each type of service classified within 'other assurance engagements and other agreed-upon procedures engagements' as an assurance engagement, or an agreed-upon procedures engagement.

Clarifying the classification of assurance engagement

BC28. Some constituents noted that confusion may arise when determining whether an assurance engagement should be classified as 'audit or review related services' or as 'other assurance engagements'. In response, the NZASB clarified that an assurance engagement whose nature is consistent with the description of the 'audit or review related services' category is classified in that category, otherwise it is classified as 'other assurance services and other agreed-upon procedures engagements'.

BC29. The NZASB acknowledges that for some assurance engagements, judgement may be required when determining which of the two abovementioned categories is the most appropriate. However, as noted above in paragraph BC26, possible inconsistencies in classification are expected to be mitigated by the requirement to disclose the nature of the services included within each category, and by the additional disclosure requirements described in paragraph BC27.

Removal of the proposed disclosure requirements about mitigating risk to auditor independence in certain circumstances

BC30. The proposed amendments included a requirement to disclose information about how the entity identifies, evaluates, and mitigates the possible threats to auditor or reviewer independence that might arise from the provision of 'taxation service' or 'other services' by the audit or review firm.

BC31. Several respondents expressed concerns about this proposal. They noted that professional and ethical standards requires auditors and reviewers to ensure that they are independent of the audit or review client. However, the proposed disclosure may imply that the responsibility for ensuring auditor independence lies fully with the reporting entity, and may confuse users of financial report as to the responsibilities of the auditor with respect to independence as compared to the responsibilities of the entity. Some respondents considered that information about mitigating possible threats to auditor independence more appropriately belongs outside of the general purpose financial report (e.g. elsewhere in the annual report, together with other corporate governance information). Another concern was that the disclosure requirement would give rise to 'boiler plate' disclosures that would not be useful to users of general purpose financial report. Discussion with constituents also highlighted that guidance issued by financial market regulators recommends providing information in the annual report in relation to mitigating possible threats to auditor independence.

BC32. After considering constituents' feedback, the NZASB agreed not to include disclosure requirements about how an entity manages possible threats to auditor independence when certain services are provided.

Disclosure concessions for entities in Tier 2

BC33. The proposals included disclosure concessions for Tier 2 entities only with respect to the proposed disclosure relating to the mitigation of auditor or reviewer independence (see paragraph BC30 above). However, some constituents recommended additional concessions for Tier 2 entities – to ensure that the cost of providing the disclosure does not outweigh the benefits.

BC34. In response to constituents' feedback, the NZASB agreed that Tier 2 entities be required to disclose only:

(a) the total fees incurred for the audit or review of the entity's financial report; and

(b) the total fees incurred for other types of service provided by the entity's audit or review firm (without requiring further disaggregation), together with a general description of these services.

BC35. The NZASB acknowledges that before *Disclosure of Fees for Audit Firms' Services* was issued, this Standard did not require Tier 2 entities to provide any disclosures relating to fees paid to audit firms. However, the disclosure requirements for Tier 2 entities described in paragraph BC34, which were introduced by *Disclosure of Fees for Audit Firms' Services*, are consistent with the requirements for Australian Tier 2 entities as set out in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. The NZASB considers such alignment to be appropriate.

Disclosure of significant fees incurred after the end of the reporting period

BC36. The proposed disclosure requirements referred to the disclosure of fees incurred during the reporting period. However, some constituents recommended that entities be required to disclose fees incurred for services provided by the audit or review firm after the end of the reporting period, but before the audit or review report is signed – as well as services not yet provided by the audit or review firm, but for which the audit or review firm has been engaged before the audit or review report is signed. The constituents acknowledged that such fees would not be recognised as expenses in profit or loss in the period for which the financial report is prepared. However, the constituents noted that disclosure of such fees is relevant and important for users' assessment of the extent of non-audit services provided by the audit or review firm, and the assessment of auditor independence with respect to the current period financial report audit or review.

BC37. In response to the feedback above, the NZASB considered whether to include a requirement to disclose significant fees for services that the audit or review firm has been engaged to provide (including engagements entered into up until the date when the audit or review report is signed), but for which fees were not incurred during the reporting period.

BC38. The NZASB decided not to include the disclosure requirement described in paragraph BC36-37 above, for the following reasons.

(a) The effort of complying with a requirement to disclose (significant) fees incurred/engaged for after the reporting may outweigh the benefits, given that this information is already expected to be included in the auditor's report;

(b) The enhanced disclosures introduced by *Disclosure of Fees for Audit Firms' Services* are not intended to provide users with all information required for assessing auditor independence;

(c) Disclosures in the financial report generally focus on the current reporting period (together with comparative information).

(d) There are existing accounting standards that address the disclosure of material events after the reporting period.

Application of materiality considerations

BC39. Feedback on the ED included an observation that fees for services provided by the entity's audit or review firm other than for the audit or review of the financial report are often low in value, and therefore, such fees may often not be disclosed due to materiality considerations. However, the NZASB notes that according to the definition of materiality in PBE IPSAS 1 *Presentation of Financial Reports* "the nature or size of the item, or a combination of both, could be the determining factor" in the assessment of materiality.

BC40. It is possible that a fee incurred for a non-audit service provided by the entity's audit firm may be low in value, but the nature of the service may be such that information about the service and the related fee meets the abovementioned definition of materiality in PBE IPSAS 1. That is, it may be that omitting or misstating those items could "influence the decisions or assessments of users made on the basis of the financial statements or service performance information".

BC41. Given the importance of auditor independence to users of financial reports, and the connection between the assessment of auditor independence and the fees incurred for non-audit services provided by the entity's audit firms, it is particularly important to consider the nature of the service – not only the magnitude of the fee – when determining whether to provide the disclosures required by this Standard.

BC42. The NZASB finalised the amendments in April 2023.

Appendix B

Illustrative Financial Statements

This guidance accompanies, but is not part of, PBE IPSAS 1.

B1. This Standard sets out the components of financial statements and minimum requirements for disclosure on the face of the statement of financial position and the statement of comprehensive revenue and expense, as well as for the presentation of changes in net assets/equity. It also describes further items that may be presented either on the face of the relevant financial statement or in the notes. This Appendix provides simple examples for public sector and not-for-profit entities of the ways in which the requirements of the Standard for the presentation of the statement of financial position, statement of comprehensive revenue and expense, and statement of changes in net assets/equity might be met. The order of presentation and the descriptions used for line items should be changed when necessary in order to achieve a fair presentation in each entity's particular circumstances. For example, line items relevant to a public sector entity such as a defence department are likely to be significantly different from those for a central bank.

B2. The illustrative statements of financial position show one way in which a statement of financial position distinguishing between current and non-current items may be presented. Other formats may be equally appropriate, provided the distinction is clear.

B3. The public sector example has been prepared for a central government and the statement of comprehensive revenue and expense (by function) illustrates the functions of government classifications used in the Government Finance Statistics. These functional classifications are unlikely to apply to all public sector entities. Refer to this Standard for an example of more generic functional classifications for other public sector entities. The not-for-profit entity example has been prepared for a charitable organisation.

B4. The examples are not intended to illustrate all aspects of PBE Standards. Nor do they comprise a complete set of financial statements, which would also include a cash flow statement, a summary of significant accounting policies, and other explanatory notes.

A. Public Sector Entity

Statement of Accounting Policies (Extract)

Reporting Entity

These financial statements are for a public sector entity (central government of Country A). The financial statements encompass the reporting entity as specified in the relevant legislation (Public Finance Act 20XX).

Basis of Preparation

The financial statements comply with the PBE Standards for Tier 1 entities. The measurement base applied is historical cost adjusted for revaluations of assets.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Public Sector Entity—Statement of Financial Position

As at June 30 20X2

(in thousands of currency units)

	20X2	20X1
ASSETS		
Current assets		
Cash and cash equivalents	X	X
Receivables	X	X
Inventories	X	X
Prepayments	X	X
Other current assets	X	X
	X	X
Non-current assets		
Receivables	X	X
Investments in associates	X	X
Other financial assets	X	X
Infrastructure, plant and equipment	X	X
Land and buildings	X	X
Intangible assets	X	X
Other non-financial assets	X	X
	X	X
Total assets	X	X
LIABILITIES		
Current liabilities		
Payables	X	X
Short-term borrowings	X	X
Current portion of long-term borrowings	X	X
Short-term provisions	X	X
Employee benefits	X	X
Superannuation	X	X
	X	X
Non-current liabilities		
Payables	X	X
Long-term borrowings	X	X
Long-term provisions	X	X
Employee benefits	X	X
Superannuation	X	X
	X	X
Total liabilities	X	X
Net assets	X	X
NET ASSETS/EQUITY		
Capital contributed by		
Other government entities	X	X
Reserves	X	X
Accumulated comprehensive revenue and expense	X	X
Non-controlling interest	X	X
Total net assets/equity	X	X

Public Sector Entity—Statement of Comprehensive Revenue and Expense for the Year Ended June 30 20X2

(Illustrating the Classification of Expenses by Function)
(in thousands of currency units)

	20X2	**20X1**
Revenue		
Taxes	X	X
Fees, fines, penalties, and licenses	X	X
Revenue from exchange transactions	X	X
Transfers from other government entities	X	X
Other revenue	X	X
Total revenue	X	X
Expenses		
General public services	(X)	(X)
Defence	(X)	(X)
Public order and safety	(X)	(X)
Education	(X)	(X)
Health	(X)	(X)
Social protection	(X)	(X)
Housing and community amenities	(X)	(X)
Recreational, cultural, and religion	(X)	(X)
Economic affairs	(X)	(X)
Environmental protection	(X)	(X)
Other expenses	(X)	(X)
Finance costs	(X)	(X)
Total expenses	(X)	(X)
Share of surplus/(deficit) of associates[16]	X	X
Surplus/(deficit) for the period from continuing operations	(X)	X
Loss for the period from discontinued operations	–	(X)
Surplus/(deficit) for the period	(X)	X
Other comprehensive revenue and expense		
Gain on property revaluation	X	X
Loss on revaluation of investments	(X)	(X)
Exchange differences on translating foreign operations	(X)	(X)
Other comprehensive revenue and expense for the period	(X)	(X)
Total comprehensive revenue and expense for the period	(X)	X
Surplus/(deficit) attributable to:		
Owners of the controlling entity	(X)	X
Non-controlling interest	(X)	X
	(X)	X
Total comprehensive revenue and expense attributable to:		
Owners of the controlling entity	(X)	X
Non-controlling interest	(X)	X
	(X)	X

[16] This means the share of associates' surplus/(deficit) attributable to owners of the associates, i.e., it is after tax and non-controlling interests in the associates.

Public Sector Entity—Statement of Comprehensive Revenue and Expense for the Year Ended June 30 20X2

(Illustrating the Classification of Expenses by Nature)
(in thousands of currency units)

	20X2	20X1
Revenue		
Taxes	X	X
Fees, fines, penalties, and licenses	X	X
Revenue from exchange transactions	X	X
Transfers from other government entities	X	X
Other revenue	X	X
Total Revenue	X	X
Expenses		
Wages, salaries, and employee benefits	(X)	(X)
Grants and other transfer payments	(X)	(X)
Supplies and consumables used	(X)	(X)
Depreciation and amortisation expense	(X)	(X)
Impairment of property, plant and equipment[17]	(X)	(X)
Other expenses	(X)	(X)
Finance costs	(X)	(X)
Total Expenses	(X)	(X)
Share of surplus/(deficit) of associates	X	X
Surplus/(deficit) for the period from continuing operations	(X)	X
Loss for the period from discontinued operations	–	(X)
Surplus/(deficit) for the period	(X)	X
Other comprehensive revenue and expense		
Gain on property revaluation	X	X
Loss on revaluation of investments	(X)	(X)
Exchange differences on translating foreign operations	(X)	(X)
Other comprehensive revenue and expense for the period	(X)	(X)
Total comprehensive revenue and expense for the period	(X)	X
Surplus/(deficit) attributable to:		
Owners of the controlling entity	(X)	X
Non-controlling interest	(X)	X
	(X)	X
Total comprehensive revenue and expense attributable to:		
Owners of the controlling entity	(X)	X
Non-controlling interest	(X)	X
	(X)	X

[17] In a statement of comprehensive revenue and expense in which expenses are classified by nature, an impairment of property, plant and equipment is shown as a separate line item. By contrast, if expenses are classified by function, the impairment is included in the function(s) to which it relates.

Public Sector Entity—Statement of Changes in Net Assets/Equity for the Year Ended June 30 20X2

(in thousands of currency units)	Attributable to owners of the controlling entity				Non-controlling interest	Total net assets/ equity
	Contributed Capital	**Reserves[18]**	**Accumulated Comprehensive Revenue and Expense**	**Total**		
Balance at December 31, 20X0	X	X	X	X	X	X
Changes in accounting policy			(X)	(X)	(X)	(X)
Restated balance	X	X	X	X	X	X
Changes in net assets/equity for 20X1						
Transfers		X	(X)			
Total comprehensive revenue and expense for the period		X	X	X	X	X
Balance at June 30, 20X1 carried forward	X	X	X	X	X	X
Balance at June 30, 20X1 brought forward	X	X	X	X	X	X
Changes in net assets/equity for 20X2						
Transfers		X	(X)			
Total comprehensive revenue and expense for the period		X	(X)	(X)	(X)	(X)
Balance at June 30, 20X2	X	X	X	X	X	X

B. Not-for-Profit Entity[19]

Statement of Accounting Policies (Extract)

Reporting Entity

The NFP entity is a charitable organisation, based in xx, which is incorporated under the Charitable Trusts Act 1957 and registered under the Charities Act 2005.

The principal activity of the NFP is to provide education and support services to the community.

Basis of Preparation

The financial statements comply with the PBE Standards for Tier 1 entities. The measurement base applied is historical cost adjusted for revaluations of assets.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

18 Reserves are analysed by each reserve, if material.

19 Refer to PBE IPSAS 2 *Cash Flow Statements* for an illustrative cash flow statement.

Not-for-Profit Entity—Statement of Financial Position

As at June 30, 20X2
(in thousands of currency units)

	20X2	20X1
ASSETS		
Current assets		
Cash and cash equivalents	X	X
Receivables	X	X
Inventories	X	X
Prepayments	X	X
Other current assets	X	X
	X	X
Non-current assets		
Property, plant and equipment	X	X
Land and buildings	X	X
Intangible assets	X	X
Investments	X	X
	X	X
Total assets	X	X
LIABILITIES		
Current liabilities		
Payables	X	X
Short-term borrowings	X	X
Current portion of long-term borrowings	X	X
Short-term provisions	X	X
Employee benefits	X	X
	X	X
Non-current liabilities		
Payables	X	X
Long-term borrowings	X	X
Long-term provisions	X	X
Employee benefits	X	X
	X	X
Total liabilities	X	X
Net assets	X	X
NET ASSETS/EQUITY		
Reserves	X	X
Accumulated comprehensive revenue and expense	X	X
Total net assets/equity	X	X

Not-for-Profit Entity—Statement of Comprehensive Revenue and Expense for the Year Ended June 30 20X2

(Illustrating the Classification of Expenses by Function)

(in thousands of currency units)

	20X2	20X1
Revenue		
Revenue from exchange transactions		
Fees, subscriptions and other revenue from members	X	X
Revenue from providing goods or services	X	X
Interest, dividends and other investment revenue	X	X
Other revenue	X	X
Revenue from non-exchange transactions		
Donations, fundraising and other similar revenue	X	X
Total revenue	X	X
Expenses		
Administration	(X)	(X)
Advocacy	(X)	(X)
Fundraising	(X)	(X)
Promotion	(X)	(X)
Provision of charitable services	(X)	(X)
Provision of services to members	(X)	(X)
Total expenses	(X)	(X)
Surplus/(deficit) for the period	X	X
Other comprehensive revenue and expense		
Gain on property revaluation	X	X
Exchange differences on translating foreign operations	(X)	(X)
Other comprehensive revenue and expense for the period	(X)	(X)
Total comprehensive revenue and expense for the period	X	X
Surplus/(deficit) attributable to:		
Owners of the controlling entity	X	X
Non-controlling interest	X	X
	X	X
Total comprehensive revenue and expense attributable to:		
Owners of the controlling entity	X	X
Non-controlling interest	X	X
	X	X

Not-for-Profit Entity—Statement of Comprehensive Revenue and Expense for the Year Ended June 30 20X2

(Illustrating the Classification of Expenses by Nature)
(in thousands of currency units)

	20X2	20X1
Revenue		
Revenue from exchange transactions		
Fees, subscriptions and other revenue from members	X	X
Revenue from providing goods or services	X	X
Interest, dividends and other investment revenue	X	X
Other revenue	X	X
Revenue from non-exchange transactions		
Donations, fundraising and other similar revenue	X	X
Total revenue	X	X
Expenses		
Employee costs	(X)	(X)
Rent	(X)	(X)
Travel and accommodation	(X)	(X)
Depreciation and amortisation	(X)	(X)
Donations and grants made	(X)	(X)
Other expenses	(X)	(X)
Total expenses	(X)	(X)
Surplus/(deficit) for the period	X	X
Other comprehensive revenue and expense		
Gain on property revaluation	X	X
Exchange differences on translating foreign operations	(X)	(X)
Other comprehensive revenue and expense for the period	(X)	(X)
Total comprehensive revenue and expense for the period	X	X
Surplus/(deficit) attributable to:		
Owners of the controlling entity	X	X
Non-controlling interest	X	X
	X	X
Total comprehensive revenue and expense attributable to:		
Owners of the controlling entity	X	X
Non-controlling interest	X	X
	X	X

Not-for-Profit Entity—Statement of Changes in Net Assets/Equity for the Year Ended June 30, 20X2

(in thousands of currency units)

	Attributable to owners of the controlling entity						Non-controlling Interest	Total net assets/equity
	Research Funds	**General Funds**	**Special Purpose Funds**	**Revaluation Reserve**	**Translation Reserve**	**Total**		
Balance at December 31, 20X0	X	X	X	X	X	X	X	X
Changes in accounting policy		(X)				(X)	(X)	(X)
Restated balance	X	X	X	X	X	X	X	X
Changes in net assets/equity for 20X1								
Transfers	X	(X)						
Total comprehensive revenue and expense for the period		X		X	(X)	X	X	X
Balance at June 30, 20X1 carried forward	X	X	X	X	X	X	X	X
Balance at June 30, 20X1 brought forward	X	X	X	X	X	X	X	X
Changes in net assets/equity for 20X2								
Transfers		(X)	X					
Total comprehensive revenue and expense for the period		X		X	(X)	X	X	X
Balance at June 30, 20X2	X	X	X	X	X	X	X	X

Appendix C

[Deleted by NZASB]

Appendix D

Illustrative Example

This example accompanies, but is not part of, PBE IPSAS 1.

Disclosure of Fees for Audit Firms' Services

IG1 The following example illustrates how an entity might satisfy the disclosure requirements in paragraph 116.3, including the specific disclosure requirements in paragraphs 116.22, 116.22A, 116.28 and 116.28A regarding fees classified as 'audit or review related services' or as 'other assurance services and other agreed-upon procedures engagements'.

IG2 This example assumes that the entity:

(a) did not incur any fees for 'taxation services' or 'other services' (therefore these categories are not included in the table below); and

(b) is not applying Tier 2 disclosure concessions (entities in Tier 2 are required to disclose the fees incurred for the audit or review of the financial report, and the total fees incurred for all other services provided by the audit or review firm with a general description of these services).

IG3 In this example, the entity's audit firm performed agreed-upon procedures engagements relating to debt covenant calculations with respect to a number of the entity's loans. Consistent with the requirements in paragraphs 116.22, 116.22A, 116.28 and 116.28A, which require disclosures for *each type* of service classified as 'audit or review related services' or as 'other assurance services and other agreed-upon procedures engagements', the entity disclosed 'reporting on compliance with debt covenants' as a single item in the table below.

Fees incurred for services provided by the audit firm

	20X2	**20X1**
Audit [and/or review] of the financial report	**xxx**	**xxx**
Audit or review related services		
Review of adequacy of financial reporting systems and controls (assurance engagement)	xxx	xxx
Reporting on use of grant funding (agreed-upon procedures engagement)	xxx	xxx
Reporting on debt covenant calculations (agreed-upon procedures engagement)	xxx	xxx
Total	**xxx**	**xxx**
Other assurance services and other agreed-upon procedures engagements		
Adherence to cyber security procedures (assurance engagement)	xxx	xxx
Health and safety (agreed-upon procedures engagement)	xxx	xxx
Total	**xxx**	**xxx**
Total fees incurred for services provided by the audit firm	**xxx**	**xxx**

Comparison with IPSAS 1

PBE IPSAS 1 *Presentation of Financial Reports* is drawn from IPSAS 1 *Presentation of Financial Statements*.

The significant differences between PBE IPSAS 1 and IPSAS 1 are:

(a) The title of PBE IPSAS 1 reflects the fact that it establishes presentation requirements for both financial statements and service performance information.

(b) PBE IPSAS 1 reflects the New Zealand regulatory environment, including the requirements in the Financial Reporting Act 2013 regarding compliance with accounting standards.

(c) PBE IPSAS 1 requires an assertion of compliance with PBE Standards rather than an assertion of compliance with IPSASs.

(d) PBE IPSAS 1 requires the following additional disclosures:

  (i) The statutory base or other reporting framework, if any, under which the financial statements are prepared;

  (ii) The fact that the entity is a public benefit entity;

  (iii) The fact that the financial statements comply with PBE Standards;

  (iv) Whether the entity has availed itself of any disclosure concessions; and

  (v) Fees incurred for services provided by each audit or review firm, including any network firm, for the audit or review of the financial report and for other services performed during the reporting period, using specified categories.

  (vi) More specific going concern disclosures.

(e) PBE Standards require the presentation of a statement of comprehensive revenue and expense. IPSASs require the presentation of a statement of financial performance.

(f) PBE IPSAS 1 includes illustrative financial statements for a not-for-profit entity.

History of Amendments

PBE IPSAS 1 *Presentation of Financial Statements* was issued in September 2014. The title was subsequently changed to *Presentation of Financial Reports*.

This table lists the pronouncements establishing and substantially amending PBE IPSAS 1. The table is based on amendments issued as at 31 December 2023, other than consequential amendments resulting from adoption of PBE IFRS 17 *Insurance Contracts* and *Amendments to PBE IFRS 17*.

Pronouncements	**Date issued**	**Early operative date**	**Mandatory date (annual financial statements … on or after …)**
PBE IPSAS 1 *Presentation of Financial Statements*	Sept 2014	Early application is permitted for not-for-profit public benefit entities	1 April 2015
Disclosure Initiative (Amendments to PBE IPSAS 1)	July 2015	Early application is permitted	1 Jan 2016
2015 Omnibus Amendments to PBE Standards	July 2015	Early application is permitted	1 Jan 2016
Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments	Dec 2015	Early application is permitted	1 Jan 2016
2016 Omnibus Amendments to PBE Standards	Jan 2017	–	1 Jan 2017
Approved Budget (Amendments to PBE IPSAS 1)	May 2017	Early application is permitted	1 Jan 2018
PBE IPSAS 35 *Consolidated Financial Statements*	Jan 2017	Early application is permitted	1 Jan 2019
PBE IPSAS 38 *Disclosure of Interests in Other Entities*	Jan 2017	Early application is permitted	1 Jan 2019
PBE IFRS 9 *Financial Instruments*	Jan 2017	Early application is permitted	1 Jan 2022[20]
PBE IPSAS 39 *Employee Benefits*	May 2017	Early application is permitted	1 Jan 2019
PBE FRS 48 *Service Performance Reporting*	Nov 2017	Early application is permitted	1 Jan 2022[21]
PBE IPSAS 41 *Financial Instruments*	Mar 2019	Early application is permitted	1 Jan 2022
PBE IFRS 17 *Insurance Contracts*	July 2019	Early application is permitted	1 Jan 2023[22]
Going Concern Disclosures (Amendments to PBE IPSAS 1)	Aug 2020	Early application is permitted	30 Sept 2020[23]

[20] PBE IFRS 9 was subsequently withdrawn by PBE IPSAS 41. The amendments in Appendix D of PBE IFRS 9 were not compiled. *Effective Date of PBE IFRS 9*, issued in March 2019, deferred the effective date of PBE IFRS 9 from 1 January 2021 to 1 January 2022.

[21] *2020 Amendments to PBE FRS 48*, issued in August 2020, deferred the effective date of PBE FRS 48 from 1 January 2021 to 1 January 2022.

[22] PBE IFRS 17 has not been compiled. *Amendments to PBE IFRS 17*, issued in August 2020, deferred the effective date of PBE IFRS 17 from 1 January 2022 to 1 January 2023.

[23] An entity shall apply those amendments for annual periods ending on or after 30 September 2020.

Pronouncements	**Date issued**	**Early operative date**	**Mandatory date (annual financial statements … on or after …)**
Amendments to PBE IFRS 17	Aug 2020	Early application is permitted	1 Jan 2023[24]
Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1) [25]	May 2023	Early application is permitted	1 Jan 2024

Table of Amended Paragraphs in PBE IPSAS 1		
Paragraph affected	**How affected**	**By … [date]**
Title	Amended	PBE FRS 48 [Nov 2017]
Paragraph 1	Amended	PBE FRS 48 [Nov 2017]
Paragraph 2	Amended	PBE FRS 48 [Nov 2017]
Paragraph 3	Amended	PBE FRS 48 [Nov 2017]
Paragraph 4	Amended	PBE IPSAS 35 [Jan 2017]
Paragraph 7	Amended	*Amendments to PBE Standards* [Dec 2015]
Paragraph 7	Amended	PBE IPSAS 35 [Jan 2017]
Paragraph 7	Amended	PBE IPSAS 39 *Employee Benefits* [May 2017]
Paragraph 7	Amended	PBE FRS 48 [Nov 2017]
Paragraph 7	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 7.1	Deleted	PBE FRS 48 [Nov 2017]
Paragraph 15 (and preceding heading)	Amended	PBE FRS 48 [Nov 2017]
Paragraph 16	Amended	PBE FRS 48 [Nov 2017]
Paragraph 17	Amended	PBE FRS 48 [Nov 2017]
Paragraph 18	Amended	PBE FRS 48 [Nov 2017]
Paragraph 19 (and preceding heading)	Amended	PBE FRS 48 [Nov 2017]
Paragraph 20.1 (preceding heading is amended)	Added	PBE FRS 48 [Nov 2017]
Paragraph 21	Amended	*Disclosure Initiative* [July 2015]
Paragraph 21	Amended	*2015 Omnibus Amendments to PBE Standards* [July 2015]
Paragraph 21	Amended	*Approved Budget* [May 2017]
Paragraph 21	Amended	PBE FRS 48 [Nov 2017]
Paragraph 24.1	Amended	PBE FRS 48 [Nov 2017]
Paragraph 25	Amended	PBE FRS 48 [Nov 2017]
Paragraph 26	Amended	PBE FRS 48 [Nov 2017]

[24] *Amendments to PBE IFRS 17* has not been compiled.

[25] In addition to adding and amending paragraphs in PBE IPSAS 1 as listed in the 'Table of Amended Paragraphs in PBE IPSAS 1' below, *Disclosure of Fees for Audit Firms' Services* also added Appendix D – Illustrative Example, which accompanies but is not part of PBE IPSAS 1.

Table of Amended Paragraphs in PBE IPSAS 1		
Paragraph affected	**How affected**	**By … [date]**
Paragraph 27	Amended	PBE FRS 48 [Nov 2017]
Paragraph RDR 27.1	Amended	*Amendments to PBE Standards* [Dec 2015]
Paragraph RDR 27.1	Amended	PBE FRS 48 [Nov 2017]
Paragraph 28	Amended	*Amendments to PBE Standards* [Dec 2015]
Paragraph 28	Amended	PBE FRS 48 [Nov 2017]
Paragraph RDR 28.1	Added	*Amendments to PBE Standards* [Dec 2015]
Paragraph RDR 28.1	Amended	PBE FRS 48 [Nov 2017]
Paragraph 28.2	Previously 28.1	*Amendments to PBE Standards* [Dec 2015]
Paragraph 28.2	Amended	PBE FRS 48 [Nov 2017]
Paragraph RDR 28.3	Added	*Amendments to PBE Standards* [Dec 2015]
Paragraph 28.4	Previously 28.2 and amended	*Amendments to PBE Standards* [Dec 2015]
Paragraph 28.4	Amended	PBE FRS 48 [Nov 2017]
Paragraph 29	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 29	Amended	PBE FRS 48 [Nov 2017]
Paragraph 31	Amended	PBE FRS 48 [Nov 2017]
Paragraph 32	Amended	PBE FRS 48 [Nov 2017]
Paragraph 33	Amended	PBE FRS 48 [Nov 2017]
Paragraph 35	Amended	PBE FRS 48 [Nov 2017]
Paragraph 36	Amended	PBE FRS 48 [Nov 2017]
Paragraph 38	Amended	PBE FRS 48 [Nov 2017]
Paragraph 39	Amended	PBE FRS 48 [Nov 2017]
Paragraph 41	Amended	PBE FRS 48 [Nov 2017]
Paragraph 41.1–41.2 (and preceding heading)	Added	*Going Concern Disclosures* [Aug 2020]
Paragraph 42	Amended	PBE FRS 48 [Nov 2017]
Paragraph 43	Amended	PBE FRS 48 [Nov 2017]
Paragraph 44	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 44	Amended	PBE FRS 48 [Nov 2017]
Paragraph 45	Amended	PBE FRS 48 [Nov 2017]
Paragraph 46A	Added	*Disclosure Initiative* [July 2015]
Paragraph 46A	Amended	PBE FRS 48 [Nov 2017]
Paragraph 46A.1	Added	PBE FRS 48 [Nov 2017]
Paragraph 46A.2	Added	PBE FRS 48 [Nov 2017]
Paragraph 47	Amended	*Disclosure Initiative* [July 2015]
Paragraph 47	Amended	PBE FRS 48 [Nov 2017]
Paragraph 53	Amended	*2015 Omnibus Amendments to PBE Standards* [July 2015]
Paragraph 53	Amended	PBE FRS 48 [Nov 2017]
Paragraph 53A	Added	*2015 Omnibus Amendments to PBE Standards* [July 2015]

Table of Amended Paragraphs in PBE IPSAS 1		
Paragraph affected	**How affected**	**By … [date]**
Paragraph 53A	Amended	PBE FRS 48 [Nov 2017]
Paragraph 54	Amended	*2015 Omnibus Amendments to PBE Standards* [July 2015]
Paragraph 54	Amended	PBE FRS 48 [Nov 2017]
Paragraph 55.1	Added	PBE FRS 48 [Nov 2017]
Paragraph 59	Amended	PBE FRS 48 [Nov 2017]
Paragraph 60	Amended	PBE FRS 48 [Nov 2017]
Paragraph 61 (and preceding heading)	Amended	PBE FRS 48 [Nov 2017]
Paragraph 62	Amended	PBE FRS 48 [Nov 2017]
Paragraph 63	Amended	PBE FRS 48 [Nov 2017]
Paragraph 64	Amended	PBE FRS 48 [Nov 2017]
Paragraph 65	Amended	PBE FRS 48 [Nov 2017]
Paragraph 66	Amended	PBE FRS 48 [Nov 2017]
Paragraph 68	Amended	PBE FRS 48 [Nov 2017]
Paragraph 69	Amended	PBE FRS 48 [Nov 2017]
Paragraph 70	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 73	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 74	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 78	Amended	PBE FRS 48 [Nov 2017]
Paragraph 79	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 82	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 83	Amended	PBE FRS 48 [Nov 2017]
Paragraph 85	Amended	PBE FRS 48 [Nov 2017]
Paragraph 87	Amended	PBE FRS 48 [Nov 2017]
Paragraph 88	Amended	*Disclosure Initiative* [July 2015]
Paragraph 88	Amended	PBE IPSAS 35 [Jan 2017]
Paragraph 89	Amended	*Disclosure Initiative* [July 2015]
Paragraph 89A	Added	*Disclosure Initiative* [July 2015]
Paragraph 98.3	Amended	*Disclosure Initiative* [July 2015]
Paragraph 98.3A	Added	*Disclosure Initiative* [July 2015]
Paragraph 98.3B	Added	*Disclosure Initiative* [July 2015]
Paragraph 95	Amended	PBE IPSAS 35 [Jan 2017]
Paragraph 97	Amended	PBE IPSAS 35 [Jan 2017]
Paragraph 98.2	Amended	PBE IPSAS 35 [Jan 2017]
Paragraph 99.1	Amended	*Disclosure Initiative* [July 2015]
Paragraph 99.1	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 103.1	Amended	*Disclosure Initiative* [July 2015]
Paragraph 103.5	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 103.7	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 103.8	Amended	PBE IPSAS 39 *Employee Benefits* [May 2017]

Table of Amended Paragraphs in PBE IPSAS 1		
Paragraph affected	**How affected**	**By … [date]**
Paragraph 103.8	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 109	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 116	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 116	Amended	PBE IPSAS 39 *Employee Benefits* [May 2017]
Paragraph 116.1	Amended	PBE FRS 48 [Nov 2017]
Paragraph 116.1	Deleted	*Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)* [May 2023]
Paragraph 116.2	Deleted	*Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)* [May 2023]
Paragraph 116.1 and preceding heading	Added	*Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)* [May 2023]
Paragraph 116.2	Added	*Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)* [May 2023]
Paragraphs 116.3-116.38 and preceding headings	Added	*Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)* [May 2023]
Paragraph 118	Amended	PBE IPSAS 35 [Jan 2017]
Paragraphs 125A–125C of IPSAS 41	Ref added	PBE IPSAS 41 [Mar 2019]
Paragraph 126.1 (and preceding heading)	Added	PBE FRS 48 [Nov 2017]
Paragraph 127	Amended	PBE FRS 48 [Nov 2017]
Paragraph 128	Amended	*Disclosure Initiative* [July 2015]
Paragraph 128	Amended	PBE FRS 48 [Nov 2017]
Paragraph 129	Amended	*Disclosure Initiative* [July 2015]
Paragraph 129	Amended	PBE FRS 48 [Nov 2017]
Paragraph 130	Deleted	*Disclosure Initiative* [July 2015]
Paragraph 131	Amended	PBE FRS 48 [Nov 2017]
Paragraph 132	Amended	*Disclosure Initiative* [July 2015]
Paragraph 132	Amended	PBE FRS 48 [Nov 2017]
Paragraph 133	Amended	PBE FRS 48 [Nov 2017]
Paragraph 134	Amended	*Disclosure Initiative* [July 2015]
Paragraph 134	Amended	PBE IPSAS 38 [Jan 2017]
Paragraph 134	Amended	PBE FRS 48 [Nov 2017]
Paragraph 135	Deleted	*Disclosure Initiative* [July 2015]
Paragraph 137	Amended	*Disclosure Initiative* [July 2015]
Paragraph 137	Amended	PBE FRS 48 [Nov 2017]
Paragraph 138	Amended	PBE FRS 48 [Nov 2017]
Paragraph 138	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 139	Amended	PBE IPSAS 38 [Jan 2017]
Paragraph 144	Amended	PBE FRS 48 [Nov 2017]
Paragraph 148A	Amended	PBE FRS 48 [Nov 2017]

Table of Amended Paragraphs in PBE IPSAS 1		
Paragraph affected	**How affected**	**By … [date]**
Paragraph 148C	Amended	PBE FRS 48 [Nov 2017]
Paragraph 148.1 (preceding heading)	Amended	PBE FRS 48 [Nov 2017]
Paragraph 148.3	Amended	PBE FRS 48 [Nov 2017]
Paragraph 149	Amended	PBE FRS 48 [Nov 2017]
Paragraph 150	Amended	PBE FRS 48 [Nov 2017]
Paragraphs 150.1–150.10 (and preceding heading)	Deleted	PBE FRS 48 [Nov 2017]
Paragraph 154.2	Added	*Disclosure Initiative* [July 2015]
Paragraph 154.3	Added	*2015 Omnibus Amendments to PBE Standards* [July 2015]
Paragraph 154.4	Added	*Amendments to PBE Standards* [Dec 2015]
Paragraph 154.5	Added	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 154.6	Added	PBE IPSAS 35 and PBE IPSAS 38 [Jan 2017]
Paragraph 154.7	Added	PBE IFRS 9 [Jan 2017]
Paragraph 154.7	Amended	PBE IPSAS 41 [Mar 2019]
Paragraph 154.8	Added	*Approved Budget* [May 2017]
Paragraph 154.9	Added	PBE IPSAS 39 *Employee Benefits* [May 2017]
Paragraph 154.10	Added	PBE FRS 48 [Nov 2017]
Paragraph 154.11	Added	PBE IPSAS 41 [Mar 2019]
Paragraph 154.13	Added	*Going Concern Disclosures* [Aug 2020]
Paragraphs 154.14–154.19 and preceding headings	Added	*Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)* [May 2023]
Appendix A	Deleted	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Appendix C	Deleted	PBE FRS 48 [Nov 2017]
Paragraphs C4 and C5 (and preceding heading)	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph C41	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]