



## **Amendments to XRB A2 resulting from the Regulatory Systems (Economic Development) Amendment Act 2025 | Amendment | 2025**

This amending Standard was made under section 12(a) of the Financial Reporting Act 2013 by the External Reporting Board after complying with section 22 of that Act.

This amending Standard is secondary legislation issued under the authority of the Legislation Act 2019.

## Minimum Legislative Information

(This information is not part of the standard)

**This Standard is secondary legislation issued under the authority of the Legislation Act 2019.**

<b>Title</b>	Amendments to XRB A2 resulting from the Regulatory Systems (Economic Development) Amendment Act 2025   Amendment   2025
<b>Principal or amendment</b>	Amendment
<b>Consolidated version</b>	No
<b>Empowering Act and provisions</b>	This amending Standard was made under Section 12(a) of the <a href="#">Financial Reporting Act 2013</a> .
<b>Replacement empowering Act and provision</b>	Not applicable.
<b>Maker name</b>	External Reporting Board
<b>Administering agency</b>	External Reporting Board
<b>Date made</b>	13 August 2025
<b>Publication date</b>	21 August 2025
<b>Notification date</b>	21 August 2025
<b>Commencement date</b>	This amending Standard takes effect on 18 September 2025.
<b>End date</b>	Not applicable
<b>Consolidation as at date</b>	Not applicable
<b>Related instruments</b>	<a href="#">XRB A2 Meaning of Specified Statutory Size Thresholds</a>

## Explanatory note

*This note is not part of the standard but is intended to indicate its general effect.*

This amending Standard amends XRB A2 *Meaning of Specified Statutory Size Thresholds*. XRB A2 defines, for the purposes of various enactments, the meaning of terms used to specify size thresholds that an entity is required to apply to determine if a particular statutory provision applies. This amending Standard updates XRB A2 in line with amendments relating to the statutory definition of ‘large’ and ‘specified not-for-profit entity’ in the Financial Reporting Act 2013, as amended by the Regulatory Systems (Economic Development) Amendment Act 2025.

## Copyright

*This note is not part of the standard but is intended to indicate its general effect*

This amending Standard is secondary legislation and, by section 27 of the Copyright Act 1994, no copyright exists in it.

## ISBN

978-1-99-100571-7

## Commencement and application

*This note is not part of the standard but is intended to indicate its general effect.*

The amending Standard has a mandatory date of 29 September 2025, meaning it must be applied for accounting periods that begin on or after this date.

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## Part A – Introduction

This amending Standard amends XRB A2 *Meaning of Specified Statutory Size Thresholds*. XRB A2 defines, for the purposes of various enactments, the meaning of terms used to specify size thresholds that an entity is required to apply to determine if a particular statutory provision applies. This amending Standard updates XRB A2 in line with amendments relating to the statutory definition of ‘large’ and ‘specified not-for-profit entity’ in the Financial Reporting Act 2013, as amended by the Regulatory Systems (Economic Development) Amendment Act 2025.

## Part B – Scope

This amending Standard applies to entities that are required to determine whether they meet the definition of ‘large’ or ‘specified not-for-profit entity’ in sections 45 and 46 of the Financial Reporting Act 2013.

## Part C – Amendments to XRB A2 *Meaning of Specified Statutory Size Thresholds*

Paragraphs 3, 4, 8 and 14 are amended. Paragraphs 6A, 16A and 27 are added. New text is underlined and deleted text is struck through. Paragraphs 5, 6, 15 and 16 are not amended but are included for context.

### A. INTRODUCTION

#### Objective

[...]

3. The Financial Reporting Act 2013 and the Companies Act 1993 provide for specified terminology (“total assets”, “total revenue” and “total operating payments” in both Acts, and “control” in the Financial Reporting Act 2013) relating to the size threshold of an entity for reporting purposes to be defined in a financial reporting standard issued by the XRB. Similarly, the Friendly Societies and Credit Unions Act 1982 and the Incorporated Societies Act 2022 provide for the specified terms (“total operating expenditure” and “total operating payments” respectively) relating to the size thresholds in those Acts to be defined in a financial reporting standard issued by the XRB. The Charities Act 2005 (as amended by the Charities Amendment Act 2014) and the Incorporated Societies Regulations 2023 provides for specified terminology (“total operating expenditure” and “control”) relating to the size threshold of a charitable entity or society for assurance purposes to be defined in a financial reporting standard issued by the XRB. Relevant entities, in determining whether a particular provision of an Act applies, must apply the financial reporting standard that contains the meanings of those terms in assessing whether its particular size threshold has been met.

#### Scope

4. This Standard applies to an entity that is required under an enactment to apply the following provisions, as applicable:
  - (a) sections 45(1)(a)~~1~~ and 45(2)(a) and 45(2A) of the Financial Reporting Act 2013 (to determine “total assets”);
  - (b) sections 45(1)(b)~~1~~ and 45(2)(b) and 45(2A) of the Financial Reporting Act 2013 (to determine “total revenue”);
  - (c) section 46 of the Financial Reporting Act 2013 (to determine “total operating payments” and “control”);
  - (d) [...]

## B. SPECIFIED STATUTORY SIZE THRESHOLDS AND THEIR DEFINITIONS

### Financial Reporting Act 2013 and Companies Act 1993: “Large” and the determination of “total assets” and “total revenue”

5. Section 45(1) of the Financial Reporting Act 2013 provides that, for the purpose of an enactment that refers to section 45, an entity (other than an overseas company or a subsidiary of an overseas company) is “large” in respect of an accounting period if at least one of the following applies:
- (a) as at the balance date of each of the 2 preceding accounting periods, the total assets of the entity and its subsidiaries (if any) exceed \$66 million; or
  - (b) in each of the 2 preceding accounting periods, the total revenue of the entity and its subsidiaries (if any) exceeds \$33 million.
6. Section 45(2) of the Financial Reporting Act 2013 provides that, for the purpose of an enactment that refers to section 45, an overseas company or a subsidiary of an overseas company is “large” in respect of an accounting period if at least one of the following applies:
- (a) as at the balance date of each of the 2 preceding accounting periods, the total assets of the entity and its subsidiaries (if any) exceed \$22 million; or
  - (b) in each of the 2 preceding accounting periods, the total revenue of the entity and its subsidiaries (if any) exceeds \$11 million.
- 6A. Section 45(2A) of the Financial Reporting Act 2013 provides that:
- (a) an entity (other than an overseas company or a subsidiary of an overseas company) is “large” in respect of an accounting period if the entity has, on the balance date of the period, 1 or more subsidiaries that are “large” in respect of that accounting period under section 45(1); and
  - (b) an overseas company or a subsidiary of an overseas company is “large” in respect of an accounting period if the entity has, on the balance date of the period, 1 or more subsidiaries that are “large” in respect of that accounting period under section 45(2).

[...]

8. For the purposes of sections 45(1), ~~and 45(2)~~ and 45(2A) of the Financial Reporting Act 2013 and section 204(3) of the Companies Act 1993, the amount of total assets and total revenue are determined as follows:
- (a) where financial statements are prepared in accordance with accounting standards issued by the XRB or its sub-board, the New Zealand Accounting Standards Board, total assets and total revenue are the respective amounts recognised in the financial statements of the entity, prepared in accordance with the requirements of the Tier 2 accounting standards as specified in External Reporting Board Standard A1 *Application of the Accounting Standards Framework* that are in effect and applicable to the entity as at each of the relevant balance dates or in each of the relevant accounting periods; and
  - (b) where financial statements are not prepared, or where financial statements are not prepared as specified in paragraph (a), total assets and total revenue are the respective amounts derived from the entity’s accounting records, determined in accordance with the requirements of Tier 2 accounting standards as specified in External Reporting Board Standard A1 *Application of the Accounting Standards Framework* that would be relevant to the entity if it was reporting in accordance with those accounting standards.

[...]

### Financial Reporting Act 2013: “Specified not-for-profit entity” and the determination of “total operating payments”

14. Section 46 of the Financial Reporting Act 2013 sets out the meaning of a “specified not-for-profit entity”. For the purposes of an enactment that refers to section 46, an entity is a specified not-for-profit entity in respect of an accounting period if, in each of the 2 preceding accounting periods of the entity, the total operating payments of the entity and all entities it controls (if any) are \$140,000 or more.

15. For the purpose of section 46 of the Financial Reporting Act 2013, total operating payments means the total amount of any payment (including grant payments and income tax payments, where applicable), other than a capital payment, made by the entity during the accounting period.
16. For the purpose of paragraph 15, a capital payment is a payment during the accounting period for the purchase of a resource with an expected life greater than twelve months, to be owned or partly owned and used by the entity to support the entity's activities or to provide services or products. Capital payments do not include payments for operating purposes or payments for resources to be passed to other entities.
- 16A. For the purposes of section 46 of the Financial Reporting Act 2013, the meaning of the term "control" is set out in the relevant PBE Standards issued by the New Zealand Accounting Standards Board as applicable to public benefit entities.

## C. COMMENCEMENT AND APPLICATION

[...]

27. Amendments to XRB A2 resulting from the Regulatory Systems (Economic Development) Amendment Act 2025, issued in August 2025, amended paragraphs 3, 4, 8 and 14 and added paragraphs 6A and 16A. This amending Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019.<sup>1</sup> An entity shall apply this amending Standard to accounting periods beginning on or after 29 September 2025.

In the Basis for Conclusions, paragraphs BC10B, BC12 and BC13 are added. New text is underlined.

## BASIS FOR CONCLUSIONS ON STANDARD XRB A2 MEANING OF SPECIFIED STATUTORY SIZE THRESHOLDS

This Basis for Conclusions accompanies, but is not part of, Standard XRB A2 *Meaning of Specified Statutory Size Thresholds*.

[...]

*Other statutory measures*

[...]

- BC10B. The XRB decided that for the purpose of the definition of a "specified not-for-profit entity" in the Financial Reporting Act 2013, the term "control" should have the same meaning as that set out in the relevant PBE Standards as applicable to public benefit entities, for the reasons below:
- (a) Generally, in legislation that refers to "specified not-for-profit entity", whether an entity meets the definition of this term determines whether the entity must report in accordance with GAAP, or whether it may instead apply a non-GAAP standard issued by the XRB, i.e. the Tier 4 (NFP) Standard or Tier 4 (PS) Standard. There is no non-GAAP standard for for-profit entities in the XRB Accounting Standards Framework. Therefore, assessing control for the purpose of the definition of "specified not-for-profit entity" generally has no impact on which XRB accounting standards apply to a for-profit entity. By contrast, for a public benefit entity, such an assessment affects eligibility to apply the Tier 4 Standard or a higher reporting tier. Accordingly, the XRB refers to PBE Standards when defining 'control' for the purpose of the definition of "specified not-for-profit entity" in paragraph 16A of this Standard.
- (b) While the term 'PBE Standards' generally refers to accounting standards for public benefit entities in Tier 1 and Tier 2, the Tier 3 and Tier 4 Standards ultimately refer to PBE Standards for the purpose of assessing control over other entities.

[...]

<sup>1</sup> The amending Standard was published on 21 August 2025 and takes effect on 18 September 2025.

Amendments to XRB A2 resulting from the Regulatory Systems (Economic Development) Amendment Act 2025

BC12. The Regulatory Systems (Economic Development) Amendment Act 2025 amended the following sections of the Financial Reporting Act 2013, which relate to legislative size thresholds that determine an entity's financial reporting obligations:

- (a) Section 45: Amendments to specify that, for the purpose of section 45, an entity is 'large' in respect of an accounting period if the entity has, on the balance date of the period, one or more subsidiaries that are 'large' in respect of that accounting period.
- (b) Section 46: Amendments to specify that, for the purpose of the definition of a specified not-for-profit entity, total operating payments are those of the entity and all entities it controls, if any.

BC13. The XRB amended this Standard to reflect the amendments to the Financial Reporting Act 2013 described in paragraph BC 12.