

A person is paragliding over a vast field of wind turbines. The scene is captured at sunset or sunrise, with a warm, golden light illuminating the sky and the turbines. The paraglider is silhouetted against the bright sky, and the wind turbines are arranged in rows across the landscape. A yellow banner is overlaid on the top left of the image.

New Accounting Standards and Interpretations for Tier 1 Public Sector and Not-for- Profit Public Benefit Entities

30 September 2019

Introduction

This document is applicable for Tier 1 Public Benefit Entities (PBEs) applying PBE Standards. It contains disclosure information on changes in accounting policy on adoption of new and amended PBE Standards and PBE Standards issued but not yet effective. This publication lists all applicable PBE Standards issued as of 30 September 2019 for PBEs with 30 September 2019 year-ends.

This document has two parts:

Part A - Changes in accounting policy

This table lists all the applicable accounting standards which would have been adopted for the first time for **PBEs with a 30 September 2019** year-end.

Paragraph 33 of PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* ('PBE IPSAS 3') states that when an initial application of a standard has an effect on the current period, or any prior period, an entity shall disclose:

- a) The title of the Standard
- b) When applicable, that the change in accounting policy is made in accordance with the transitional provisions
- c) The nature of the change in accounting policy
- d) When applicable, a description of the transitional provisions
- e) When applicable, the transitional provisions that might have an effect on future periods
- f) For the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected
- g) The amount of the adjustment relating to periods before those present, to the extent practicable
- h) If retrospective application is impracticable for a particular prior period, or for the periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Part B - Accounting standards issued but not yet effective

This table lists all applicable PBE Standards issued but not yet effective for **PBEs with a 30 September 2019** year-end and assumes that the entity has elected not to "early adopt" any of these Standards/Interpretations.

Paragraph 35 of PBE IPSAS 3 requires disclosure of the possible impact of new and revised PBE Standards that have been issued but are not yet effective.

However, this requirement in PBE IPSAS 3 applies only to Tier 1 PBEs reporting under "full" PBE Standards. PBEs in Tier 2 that apply PBE Standards with reduced disclosure requirements (PBE Standards RDR) need not disclose information about standards issued but not yet effective, due to disclosure concessions provided in PBE IPSAS 3.

The table is complete as at 30 September 2019 and any further PBE Standards issued after this date will also need to be disclosed up until the date of authorisation of the financial report.

An entity does not need to refer to PBE Standards that are not applicable to them provided the entity confirms that the PBE Standard is, in fact, not relevant.

If the effect of a particular PBE Standard has not yet been determined, those details should be disclosed.

The impact on the entity's financial statements should be added based on the entity's specific circumstances.

The tables in Part A and B will be updated and released for reporting periods ending 31 March, 30 June, 30 September and 31 December.

Part A - Change in accounting policy for Public Sector and Not-for-profit PBEs

The following Standards and Interpretations would have been applied for the first time for Public Sector and Not-for-profit PBEs with years ending 30 September 2019:

Reference	Title	Summary	Effective date of Standard ¹	Application date for the entity ²
PBE IPSAS 17, PBE IPSAS 27	<i>2016 Omnibus Amendments to PBE Standards</i>	<p>PBE IPSAS 17 and PBE IPSAS 27</p> <ul style="list-style-type: none"> Changes the scope of PBE IPSAS 17 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of PBE IPSAS 27. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in PBE IPSAS 17, including the choice between the cost model and revaluation model. <p>Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may choose to measure a bearer plant at its fair value at the beginning of the earliest period presented. Any difference between the fair value used as deemed cost at that date and the previous carrying amount will be recognised in accumulated comprehensive revenue and expense.</p> <p>This amendment is effective for periods beginning on or after 1 January 2018. Earlier application is permitted.</p> <p>Consequential amendments have been made to the scope of PBE IPSAS 13, PBE IPSAS 16 and PBE IPSAS 26.</p>	1 January 2018	1 October 2018
PBE IPSAS 1	<i>Approved Budget (Amendments to PBE IPSAS 1)</i>	<p>The amendments remove the reference to an “approved budget” from PBE IPSAS 1, as this term is not normally used by New Zealand PBEs, and replace it with a reference to general purpose prospective financial statements.</p> <p>The amendments also clarify that, for PBEs that had published general purpose prospective financial statements, the comparison between the prospective financial statements and the “historical” financial statements for the current reporting period should be disclosed as follows:</p> <ul style="list-style-type: none"> For public sector PBEs, this comparison should be disclosed either on the face of the financial statements or in a separate statement; For non-for-profit PBEs, this comparison should be disclosed on the face of the financial statements, or in a separate statement, or in the notes. <p>Consequential amendments were also made to PBE IAS 34 with respect to interim financial reports.</p> <p>Early application is permitted.</p>	1 January 2018	1 October 2018

¹ Effective for annual periods beginning on or after this date.

² Assuming that the entity has not early adopted the pronouncement according to specific provisions in the Standard.

Part B - Accounting standards issued but not yet effective for Public Sector and Not-for-Profit PBEs

The following Standards and Interpretations have been issued but are not yet effective for Public Sector and Not-for-profit PBEs for the year ending 30 September 2019:

Reference	Title	Summary	Effective date of standard ¹	Application date for the entity ²
PBE IPSAS 34, PBE IPSAS 35, PBE IPSAS 36, PBE IPSAS 37, PBE IPSAS 38	PBE Standards on interests in other entities: PBE IPSAS 34 <i>Separate Financial Statements</i> PBE IPSAS 35 <i>Consolidated Financial Statements</i> PBE IPSAS 36 <i>Investments in Associates and Joint Ventures</i> PBE IPSAS 37 <i>Joint Arrangements</i> PBE IPSAS 38 <i>Disclosure of Interests in Other Entities</i>	<p>These standards were issued to incorporate the equivalent standards issued by the IPSASB into the PBE Standards, which reflect the reforms introduced by IFRS 10, 11 and 12 in the for-profit sector in 2011.</p> <p>These standards replace PBE IPSAS 6 (both the public sector and NFP versions), PBE IPSAS 7 and PBE IPSAS 8.</p> <p>The new standards:</p> <ul style="list-style-type: none"> ▶ Introduce an amended definition of control and extensive guidance on control (and continues to require all controlled entities to be consolidated in the controlling entity's financial statements, except as noted below). ▶ Introduce the concept of "investment entity", exempts investment entities from consolidating controlled entities, and requires investment entities to recognise controlled entities at fair value through surplus or deficit instead. ▶ Introduce a new classification of joint arrangements, set out the accounting requirements for each type of arrangement (joint operations and joint ventures), and remove the option of using the proportionate consolidation method. ▶ Require PBEs to disclose information on their interests in other entities, including some additional disclosures that are not currently required under PBE IPSAS 6, 7 and 8. <p>Early application of these standards is permitted, as long as all the standards are applied at the same time.</p>	1 January 2019	1 October 2019
PBE IPSAS 21, PBE IPSAS 26	<i>Impairment of Revalued Assets (Amendments to PBE IPSASs 21 and 26)</i>	<p>The amendments amend the scope of PBE IPSAS 21 <i>Impairment of Non-Cash-Generating Assets</i> and PBE IPSAS 26 <i>Impairment of Cash-Generating Assets</i> to include assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 <i>Property, Plant and Equipment</i> and PBE IPSAS 31 <i>Intangible Assets</i> ("revalued assets").</p> <p>As a result of the amendments, revalued assets are subject to the same impairment assessment requirements as assets that are measured using the cost model.</p> <p>However, where an impairment loss is recognised for an asset (or group of assets) that is revalued, an entity is not necessarily required to revalue the entire class of assets to which that impaired asset (or group of assets) belongs.</p> <p>The amendment also clarifies, that for revalued assets, impairment losses and reversals thereof are accounted for in the same way as revaluation decreases and increases.</p> <p>Consequential amendments were also made to PBE IPSAS 17 and PBE IPSAS 31.</p> <p>Earlier application is permitted. If an entity applies those amendments for an earlier it shall disclose that fact.</p>	1 January 2019	1 October 2019

Reference	Title	Summary	Effective date of standard ¹	Application date for the entity ²
PBE IPSAS 39	<i>Employee Benefits</i>	<p>PBE IPSAS 39 <i>Employee Benefits</i> replaces the current standard on employee benefits, PBE IPSAS 25. PBE IPSAS 39 is based on IPSAS 39, which was issued by the IPSASB to update its standards for the amendments to IAS 19 made by the IASB during the 2011-2015 period.</p> <p>The new standard:</p> <ul style="list-style-type: none"> ▶ Removes the option to defer the recognition of certain actuarial gains and losses arising from defined benefit plans (the “corridor approach”); ▶ Eliminates some of the presentation options for actuarial gains and losses arising from defined benefit plans (which enhances comparability); ▶ Introduces the net interest approach, which is to be used when determining the defined benefit cost for defined benefit plans; and ▶ Structures the disclosures for defined benefit plans according to explicit disclosure objectives for defined benefit plans. <p>In general, entities must apply PBE IPSAS 39 retrospectively.</p> <p>Early application of the standard is permitted, and must be disclosed. If an entity adopts PBE IPSAS 39 early, the entity need not present comparative information about the sensitivity of the defined benefit obligation.</p>	1 January 2019	1 October 2019
PBE IPSAS 4, PBE FRS 47, PBE IPSAS 5, PBE IPSAS 10, PBE IPSAS 16, PBE IPSAS 22, PBE IPSAS 34, PBE IPSAS 36, PBE IPSAS 37, PBE IPSAS 39, PBE IFRS 3, PBE IAS 12, PBE IPSAS 38, PBE IFRS 5, PBE IAS 34, PBE FRS 46	<i>2018 Omnibus Amendments to PBE Standards</i>	<p>The following standards are amended by this standard.</p> <p>PBE IPSAS 4</p> <ul style="list-style-type: none"> ▶ This amendment incorporates IFRIC 22 <i>Foreign Currency Transactions and Advance Considerations</i> into Appendix A of PBE IPSAS 4. ▶ This interpretation addresses how to determine the exchange rate to use on the initial recognition of an asset, revenue or expense when an entity had paid or received advance consideration in foreign currency prior to recognising the asset, revenue or expense. ▶ The interpretation clarifies that, for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it), the date of the transaction is the date on which the entity initially recognised the related non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration <p>PBE FRS 47</p> <ul style="list-style-type: none"> ▶ Amends PBE FRS 47 to incorporate the requirements of NZ IFRIC 22 (included in Appendix A of PBE IPSAS 4) and associated amendments. The amendment introduces an exemption whereby a first-time adopter need not apply Appendix A of PBE IPSAS 4 to assets, expenses and revenue in the scope of Appendix A initially recognised before the date of transition to PBE Standards. <p>PBE IPSAS 5</p> <ul style="list-style-type: none"> ▶ The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. 	1 January 2019	1 October 2019

Reference	Title	Summary	Effective date of standard ¹	Application date for the entity ²
PBE IPSAS 4, PBE FRS 47, PBE IPSAS 5, PBE IPSAS 10, PBE IPSAS 16, PBE IPSAS 22, PBE IPSAS 34, PBE IPSAS 36, PBE IPSAS 37, PBE IPSAS 39, PBE IFRS 3, PBE IAS 12, PBE IPSAS 38, PBE IFRS 5, PBE IAS 34, PBE FRS 46	<i>2018 Omnibus Amendments to PBE Standards</i>	<p>PBE IPSAS 16</p> <p>The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendment clarifies that:</p> <ul style="list-style-type: none"> ▶ A change in use of a property occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use; ▶ A change in management's intentions for the use of a property does not, by itself, provide evidence of a change in use; ▶ The list of examples of evidence of change in use provided in the standard is not exhaustive. <p>PBE IPSAS 34</p> <ul style="list-style-type: none"> ▶ Aligns the requirements in PBE IPSAS 34 with the corrected requirements in IPSAS 34 in relation to a controlling entity with controlled investment entities which is not itself an investment entity. <p>PBE IPSAS 36</p> <ul style="list-style-type: none"> ▶ The amendments clarify that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, on initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture. <p>PBE IPSAS 37</p> <ul style="list-style-type: none"> ▶ A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PBE IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. <p>PBE IPSAS 39</p> <ul style="list-style-type: none"> ▶ The amendments clarify that, in the event of a plan amendment, curtailment or settlement during a reporting period, an entity is required to use updated actuarial assumptions to determine current service cost and net interest for the period following such an event when the entity remeasures its net defined benefit liability (asset) in accordance with PBE IPSAS 39. <p>PBE IFRS 3</p> <ul style="list-style-type: none"> ▶ The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. <p>PBE IAS 12</p> <ul style="list-style-type: none"> ▶ Clarifies that the requirements to recognise the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events <p>PBE IPSAS 38</p> <ul style="list-style-type: none"> ▶ Clarifies that the disclosure requirements of PBE IPSAS 38, other than the requirement in paragraphs B10-B16 to disclose summary financial information, apply to interests in other entities that are classified as held for sale or discontinued operations under PBE IFRS 5. <p>The 2018 Omnibus Amendments to PBE Standards also made minor editorial amendments to PBE IFRS 5, PBE IAS 34, PBE FRS 46, PBE IPSAS 10 and PBE IPSAS 22</p>	1 January 2019	1 October 2019

Reference	Title	Summary	Effective date of standard ¹	Application date for the entity ²
PBE IAS 12 PBE FRS 47	<i>Uncertainty over Income Tax Treatments</i>	<p>The amendments incorporate guidance based on that in NZ IFRIC 23 <i>Uncertainty over Income Tax Treatments</i> to clarify recognition and measurement requirements when there is uncertainty over income tax treatments.</p> <p>The amendments address the following:</p> <ul style="list-style-type: none"> ▶ Whether an entity considers uncertain tax treatments separately. An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. ▶ The assumptions an entity makes about the examination of tax treatments by taxation authorities. ▶ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. ▶ How an entity considers changes in facts and circumstances <p>Earlier application is permitted, and certain transition reliefs are available. If an entity applies these amendments for an earlier period, it shall disclose that fact.</p> <p>On first time adoption, entities can choose to apply these amendments either retrospectively (restating comparatives) by applying PBE IPSAS 3, or retrospectively by adjusting the impact via retained earnings at date of initial application with comparatives not being restated.</p>	1 January 2020	1 October 2020
XRB A1	<i>2019 Amendments to XRB A1 Application of the Accounting Standards Framework</i>	<p>This amendment updates XRB A1 Appendix A, which provides guidance on determining whether an entity is classified as a Public Benefit Entity (PBE).</p> <p>The guidance on the definition of a PBE is amended to clarify that:</p> <ul style="list-style-type: none"> ▶ Both parts of the definition of a PBE need to be assessed when determining an entity's classification. ▶ The classification as a PBE or for-profit entity is made at the entity level. As a result, the classification at the entity level may differ from the classification at the group level. ▶ It is possible for an entity to be classified as a for-profit entity for financial reporting purposes and to be a registered charity. <p>Other minor amendments have been made, and a new illustrative example has been added.</p> <p>The amendment is effective for reporting periods beginning on or after 1 January 2020. Earlier application of the revised Appendix A is permitted.</p>	1 January 2020	1 October 2020
PBE IPSAS 2	<i>2018 Omnibus Amendments to PBE Standards</i>	<p>The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.</p> <p>Earlier application is permitted.</p> <p>There is no requirement to provide comparative information for preceding periods.</p>	1 January 2021	1 October 2021

Reference	Title	Summary	Effective date of standard ¹	Application date for the entity ²
PBE IFRS 9	<i>Financial Instruments</i>	<p>PBE IFRS 9 introduces into PBE Standards the reforms introduced by NZ IFRS 9 in the for-profit sector.</p> <p>This standard replaces most of the requirements of PBE IPSAS 29.</p> <p>This new standard:</p> <ul style="list-style-type: none"> ▶ Introduces a new classification model for financial assets, which may cause certain financial assets to be classified and measured differently as compared to PBE IPSAS 29. ▶ Introduces a more flexible and less rules-based hedge accounting model, which allows hedge accounting to be applied to a wider range of risk management strategies. ▶ Introduces a more forward-looking impairment model for financial assets, based on expected credit loss, which may cause certain assets to be impaired earlier than they would be under the current “incurred loss” model. ▶ Requires PBEs to provide additional disclosures about hedge accounting and impairment. <p>Early application of the standard is permitted.</p> <p>Note that all entities who report their financial statements (actuals and forecasts) in accordance with Crown accounting policies will need to early-adopt PBE IFRS 9 in the 2018/2019 financial year.</p>	<p>1 January 2021</p> <p>(for not-for-profit and non-Crown entities)</p>	<p>1 January 2021</p> <p>(for not-for-profit and non-Crown entities)</p>
PBE FRS 48	<i>Service Performance Reporting</i>	<p>This Standard was issued in November 2017 and establishes requirements PBEs to select and present service performance information.</p> <p>PBEs within the scope of this Standard will need to provide users with:</p> <ul style="list-style-type: none"> ▶ Sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this; and ▶ Information about what the entity has done during the reporting period in working towards its broader aims and objectives. <p>This Standard applies to:</p> <p>(a) All not-for-profit public benefit entities; and</p> <p>(b) Public sector public benefit entities required by legislation to provide information in respect of service performance in accordance with generally accepted accounting practice (GAAP). If an entity is required by legislation to report service performance information on only some of its activities, this Standard applies only to those activities.</p> <p>Earlier application is permitted.</p>	<p>1 January 2021</p>	<p>1 October 2021</p>
PBE IPSAS 40	<i>PBE Combinations</i>	<p>This Standard was issued in July 2019 and replaces PBE IFRS 3 <i>Business Combinations</i>.</p> <p>PBE IFRS 3 excludes combinations under common control and combinations arising from local authority reorganisations from its scope.</p> <p>The new Standard has a broader scope, and establishes requirements for accounting for both acquisitions and amalgamations (using the modified pooling of interests method),</p> <p>In general, the Standard is to be applied prospectively to PBE combinations for which the amalgamation date or acquisition date is on or after 1 January 2021.</p> <p>Earlier application is permitted. If a PBE applies this Standard for a period beginning before 1 January 2021, it shall disclose that fact.</p>	<p>1 January 2021</p>	<p>1 October 2021</p>

Reference	Title	Summary	Effective date of standard ¹	Application date for the entity ²
PBE IPSAS 41 and <i>Effective Date of PBE IFRS 9</i>	<i>Financial Instruments</i>	<p>This Standard, when applied, supersedes parts of PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i> and supersedes PBE IFRS 9 <i>Financial Instruments</i>.</p> <p>This new standard:</p> <ul style="list-style-type: none"> ▶ Introduces a classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; ▶ Applies a forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and ▶ introduces a hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The proposed effective date of PBE IPSAS 41 is 1 January 2022. Earlier application is permitted. If an entity elects to apply this Standard early, it must disclose that fact.</p> <p>Requirements on transition depend on whether the entity is transitioning from PBE IPSAS 29 or PBE IFRS 9.</p> <p>Transitional provisions require mostly retrospective application with some exceptions.</p> <p>Along with PBE IPSAS 41, <i>Effective date of PBE IFRS 9</i> was also issued. This standard limits the early adoption of PBE IFRS 9 to annual periods beginning before 1 January 2020. For periods beginning on or after that date, entities can only early adopt PBE IPSAS 41.</p>	1 January 2022	1 October 2022
PBE IFRS 17	<i>Insurance Contracts</i>	<p>This Standard was issued in July 2019 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts.</p> <p>PBE IFRS 17 applies to not-for-profit PBEs ONLY and is applied to:</p> <ul style="list-style-type: none"> ▶ Insurance contracts, including reinsurance contracts issued by an entity; ▶ Reinsurance contracts held by an entity; and ▶ Investment contracts with discretionary participation features issued by the entity, provided the entity also issues insurance contracts. <p>PBE IFRS 17 will be mandatory from 1 January 2022 for not-for-profit PBEs, with early adoption permitted for entities that apply PBE IPSAS 41 <i>Financial Instruments</i> on or before the date of initial application of PBE IFRS 17.</p>	1 January 2022	1 October 2022

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