New Accounting Standards and Interpretations for Public Benefit Entities
31 December 2013
Introduction

This document is applicable for Public Benefit Entities (PBEs) applying New Zealand Equivalents to International Financial Reporting Standards applicable for PBEs (NZ IFRS PBE). This document contains disclosure information on changes in accounting policy on adoption of new and amended NZ IFRS PBE standards and NZ IFRS PBE standards issued but not yet effective. This publication lists all applicable NZ IFRS PBE standards issued as of 31 December 2013 and are applicable for PBEs with 31 December 2013 year-ends.

Important note for public benefit entities

In March 2011, the Accounting Standards Review Board (the predecessor body to the External Reporting Board) announced its decision to adopt a multi-standards approach to financial reporting in New Zealand. As a consequence of this decision, it was also decided that new and amended NZ IFRSs issued after March 2011 would apply to profit-oriented entities only. The tables below reflect this decision.

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 31 December 2013 year-end.

Paragraph 28 of NZ IAS 8 (PBE) Accounting Policies, Changes in Accounting Estimates and Errors (‘NZ IAS 8 (PBE)’) 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:

i. For each financial statement line item affected

ii. If NZ IAS 33 (PBE) Earnings per Share applies to the entity, for basic and diluted earnings per share

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 NZ IFRS (PBE) standards issued but not yet effective for PBEs with 31 December 2013 year-ends and assumes that the entity has elected not to “early adopt” any of these Standards/Interpretations.

Paragraph 30 of NZ IAS 8 (PBE) requires disclosure of the possible impact of new and revised Accounting Standards that have been issued but are not yet effective.

PBEs that qualify for and apply differential reporting concessions are granted disclosure concessions in NZ IAS 8 (PBE) and need not disclose information about standards issued but not yet effective.

The table is complete as at 16 December 2013 and any further Standards/Interpretations 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 Standards/Interpretations that are not applicable to them provided the entity ensures that the Standard/Interpretation is, in fact, not relevant. If the effect of a particular Standard/Interpretation has not yet been determined, those details should be disclosed.

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

This table will be updated and released for reporting periods ending 31 March, 30 June, 30 September and 31 December.
Part A - Changes in accounting policy

No standards and interpretations would have been applied for the first time for PBEs with years ending 31 December 2013 (unless early adopted).
## Part B - Accounting standards issued but not yet effective

The following standards and interpretations have been issued but are not yet effective for **PBEs** for the period ending 31 December 2013.

<table>
<thead>
<tr>
<th>Reference</th>
<th>Title</th>
<th>Summary</th>
<th>Application date of standard*</th>
<th>Application date for Group*</th>
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</thead>
<tbody>
<tr>
<td></td>
<td><em>PBE Standards for Tier 1 and Tier 2 Public Benefit Entities</em></td>
<td>The package of PBE Standards issued, applicable for <strong>Tier 1 and Tier 2 PBEs</strong>, consists of the following standards:</td>
<td><strong>Public Sector PBEs</strong></td>
<td><strong>Not-for-profit PBEs</strong></td>
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<td>Standard XRB A1 <em>Accounting Standards Framework</em>, which is the overarching standard that sets out the accounting standards framework;</td>
<td>1 July 2014 (early adoption not permitted)</td>
<td>Public Sector PBEs</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Tier 2 PBEs</strong></td>
<td></td>
<td>1 January 2015</td>
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<tr>
<td></td>
<td></td>
<td>A suite of 39 PBE Standards; and</td>
<td><strong>Not-for-profit PBEs</strong></td>
<td>1 January 2016</td>
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<td></td>
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<td>The Public Benefit Entities (conceptual) Framework.</td>
<td>1 April 2015 (early adoption permitted)</td>
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<td>The new PBE Standards are based on International Public Sector Accounting Standards, which are themselves based on IFRS. Therefore major changes to accounting policies are not expected. Nevertheless, there are some potentially significant differences and also a range of smaller differences between the PBE Standards and NZ IFRS. Examples of potential significant differences could include:</td>
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<td><strong>PBE Standards with no equivalent NZ IFRS</strong></td>
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<td>- PBE IPSAS 23 <em>Revenue from Non-Exchange Transactions</em>, which prescribes requirements for accounting for revenue from non-exchange transactions;</td>
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<td>- PBE IPSAS 32 <em>Service Concession Arrangements: Grantor</em>, which prescribes the accounting for service concession arrangements by the grantor</td>
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<td><strong>Differences between equivalent standards</strong></td>
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<td>- PBE IPSAS 20 <em>Related Party Disclosures</em>, exempts all transactions between related parties (except key management personnel remuneration) that occur on arm’s length terms and conditions from disclosure, and provides a potentially wider definition of key management personnel compared to NZ IFRS 24 <em>Related Party Disclosures</em>. Please note that this is not a complete list of differences between PBE Standards and NZ IFRS. Early adoption of PBE Standards by Tier 1 and Tier 2 public sector PBEs is not permitted.</td>
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</tbody>
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* EY New Accounting Standards and Interpretations for Public Benefit Entities - 31 December 2013
## Part B - Accounting standards issued but not yet effective

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| NZ IFRS 9 (PBE) (2009) | Financial Instruments | NZ IFRS 9 (PBE) (2009) includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39 (PBE). The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:  
► two categories for financial assets being amortised cost or fair value;  
► removal of the requirement to separate embedded derivatives in financial assets;  
► strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows;  
► an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition;  
► reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; and  
► changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income. | 1 January 2015 | 1 January 2015 |
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| NZ IFRS 9 (PBE) (2010) | Financial Instruments      | NZ IFRS 9 (PBE) (2010) supersedes NZ IFRS 9 (PBE) (2009). The requirements for classifying and measuring financial liabilities were added to NZ IFRS 9 (PBE) as issued in 2009. The existing NZ IAS 39 (PBE) *Financial Instruments: Recognition and Measurement* requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows:  
  ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)  
  ▶ The remaining change is presented in profit or loss  
  If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. | 1 January 2015                     | 1 January 2015                     |

* Designates the beginning of the applicable annual reporting period unless otherwise stated
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