

# A tailored post-implementation review process Learnings from the recent NZ domestic experience

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# New Zealand Accounting Standards Framework



- New Tier 3 and Tier 4 Standards
  - May 2023
- Learnings
- 1. Understanding of your constituents
- 2. Flexible *with your approach*
- 3. Early in your engagement
- 4. Receptive to the feedback

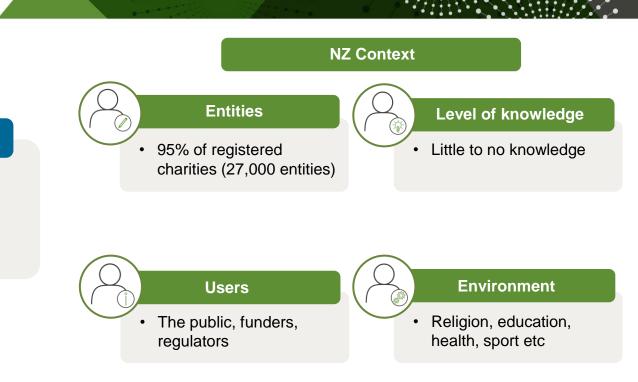
Tier 1

- PBE IPSAS
- Public accountability
- Expenses > \$30m

- PBE IPSAS RDR
- \$30m > Expenses > \$2m



## Understanding



#### Know who your constituents are

- Who are the preparers?
- Level of knowledge?
- Their users?
- Their environment?

## Flexible





#### Tailor approach to the group

- Understanding influences how you engage
- Appetite for engagement
- Preferences for style
- Active not passive

# Early



#### If you have to choose, prioritise PiR

- Find fundamental issues
- Understand their ideal solution
- Creates better EDs

#### **Broad questions**

NZ Context

- What's working well?
- What's not working well?

#### **Tier 3 Standard**

- Four main pain points:
- Service performance reporting
- Revenue recognition
- Income and expense categories
- Asset valuation

#### **Tier 4 Standard**

- Too complicated and judgmental for small entities
- Too onerous and excessive

### Receptive



#### NZ Context

#### **Embrace uncertainty**

- Not all feedback is clear
- Some feedback will be contradictory

#### **Revenue and expense categories**

- Allow disaggregation or not?
- What categories are generally applicable?



#### **Revenue Recognition**

- Wider deferral of revenue
  - New "documented expectation" concept

## Be prepared to start over

- Re-assess previous decisions
- Sometimes the standard is just not fit-for-purpose



#### **Tier 4 Standard**

- Complete rewrite
  - Simpler language
  - Remove judgement
- Shorter standard
- Fewer requirements



# **Questions?**





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