



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

A tailored post-implementation review process

Learnings from the recent NZ domestic experience

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AOSSG

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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

Tier 2

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

Tier 3

- Simplified accrual
- \$2m > Expenses > \$140k

Tier 4

- Simple cash-based reporting
- Expenses < \$140k

Understanding

NZ Context

Know who your constituents are

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



Entities

- 95% of registered charities (27,000 entities)



Level of knowledge

- Little to no knowledge



Users

- The public, funders, regulators



Environment

- Religion, education, health, sport etc

Flexible

Tailor approach to the group

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

NZ Context



Written submissions

- Letters
- Feedback forms



Online/virtual

- Surveys
- Webinars with Q&A



Face-to-face

- Interviews
- Workshops and roundtables

Early

If you have to choose, prioritise PiR

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

NZ Context

?

Broad questions

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

3

Tier 3 Standard

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

4

Tier 4 Standard

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

Receptive

Embrace uncertainty

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

Be prepared to start over

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

NZ Context



Revenue and expense categories

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



Revenue Recognition

- Wider deferral of revenue
- New “documented expectation” concept



Tier 4 Standard

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



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Questions?



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