

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

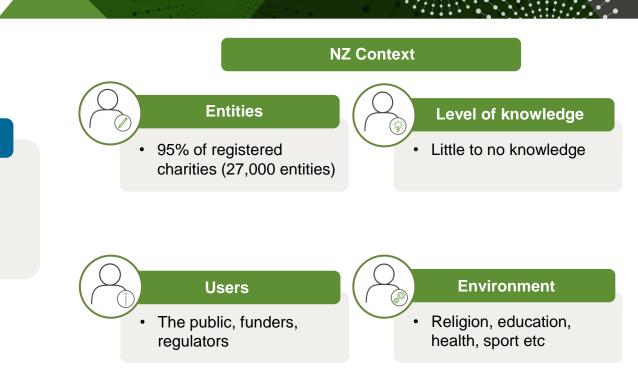
Tier 1

- 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?





Te Kāwai Ārahi Pūrongo Mōwaho EXTERNAL REPORTING BOARD

