

Reprint
as at 30 June 2016



Financial Reporting Regulations 2015 (LI 2015/117)

Rt Hon Dame Sian Elias, Administrator of the Government

Order in Council

At Wellington this 25th day of May 2015

Present:

Her Excellency the Administrator of the Government in Council

Pursuant to section 50 of the Financial Reporting Act 2013, Her Excellency the Administrator of the Government, acting on the advice and with the consent of the Executive Council, makes the following regulations.

Contents

	Page
1 Title	2
2 Commencement	2
3 Interpretation	2
4 Prescribed requirements for purposes of section 36A(1) of Act	2
5 Prescribed requirements for purposes of section 36A(2)(a) of Act	3
6 Prescribed times and information for purposes of section 36B(1) of Act: approved associations	4
7 Prescribed times and information for purposes of section 36B(1) of Act: persons approved under section 36(1)(d) of Act	5

Note

Changes authorised by subpart 2 of Part 2 of the Legislation Act 2012 have been made in this official reprint.
Note 4 at the end of this reprint provides a list of the amendments incorporated.

These regulations are administered by the Ministry of Business, Innovation, and Employment.

8	Prescribed requirements for purposes of section 36C(1)(a) of Act	6
9	Prescribed form for purposes of section 45(3) of Act	6
10	Financial Reporting Act 1993 ceases to apply to certain accounting periods	6
	Schedule Form	7

Regulations

1 Title

These regulations are the Financial Reporting Regulations 2015.

2 Commencement

These regulations come into force on 1 July 2015.

3 Interpretation

In these regulations, **Act** means the Financial Reporting Act 2013.

4 Prescribed requirements for purposes of section 36A(1) of Act

- (1) The requirements set out in subclauses (2) to (6) are prescribed for the purposes of section 36A(1) of the Act.
- (2) The association of accountants (the **association**) must be constituted in a country, State, or territory outside New Zealand in which the eligibility of a person to act as an auditor is conditional on the person satisfying requirements and minimum standards that are equivalent to, or as satisfactory as, the recognition requirements of the Institute or another accredited body.
- (3) The association must be a member of the International Federation of Accountants.
- (4) The association must have—
 - (a) recognition requirements that are equivalent to, or as satisfactory as, the recognition requirements of the Institute or another accredited body; and
 - (b) rules for the purposes of section 36I(1) of the Act that are equivalent to, or as satisfactory as, the rules of the Institute or another accredited body for those purposes.
- (5) The association must have adequate and effective systems for—
 - (a) providing reasonable assurance that a person who must satisfy (or continue to satisfy) the association's recognition requirements does so (or continues to do so); and
 - (b) recording, in a timely way, which members of the association are acting as auditors in respect of specified entities.

- (6) The association must have—
- (a) complaints rules, and professional indemnity insurance rules, that can reasonably be regarded as adequate and appropriate; and
 - (b) adequate and effective systems for providing reasonable assurance that those rules are properly applied and complied with.

- (7) In this regulation,—

complaints rules means rules for the investigation and hearing of complaints against, and disciplining of, members or former members of the association, including (without limitation) in connection with their activities as auditors in respect of specified entities

member includes a fellow or an associate (except in subclause (3))

professional indemnity insurance rules means rules requiring members of the association to have professional indemnity insurance, including (without limitation) in respect of their activities as auditors in respect of specified entities

recognition requirements means the requirements and minimum standards that the association, the Institute, or another accredited body (as the case may be) requires persons to satisfy in order to be recognised by the association, the Institute, or the other accredited body for the purposes of section 36(1) of the Act

specified entity has the meaning given in section 34(2) of the Act.

5 Prescribed requirements for purposes of section 36A(2)(a) of Act

- (1) The requirements set out in subclauses (2) to (6) are prescribed for the purposes of section 36A(2)(a) of the Act.
- (2) The eligibility of the natural person (the **overseas auditor**) to act as an auditor in the relevant overseas jurisdiction must be conditional on the overseas auditor satisfying requirements and minimum standards that are equivalent to, or as satisfactory as, the recognition requirements of the Institute or another accredited body.
- (3) The overseas auditor must have, or otherwise be subject to, adequate and effective systems for providing reasonable assurance that the overseas auditor's activities as an auditor in respect of specified entities are carried out in accordance with all relevant laws and other requirements and standards (including all applicable auditing and assurance standards).
- (4) The overseas auditor must be subject to—
- (a) complaints rules that can reasonably be regarded as adequate and appropriate; and
 - (b) adequate and effective systems for providing reasonable assurance that those rules are properly applied and complied with.

- (5) The overseas auditor must have, in respect of the overseas auditor's activities as an auditor in respect of specified entities, professional indemnity insurance that can reasonably be regarded as adequate and appropriate.
- (6) The overseas auditor must not have any criminal convictions in New Zealand or elsewhere that can reasonably be regarded as showing that the overseas auditor is not a person fit for approval.
- (7) In this regulation,—
complaints rules means rules under the law of the relevant overseas jurisdiction, or rules of an association of accountants constituted in the relevant overseas jurisdiction, that—
 - (a) provide for the investigation and hearing of complaints against, and disciplining of, auditors; and
 - (b) cover (without limitation) the overseas auditor's activities as an auditor in respect of specified entities

recognition requirements means the requirements and minimum standards that the Institute or another accredited body (as the case may be) requires persons to satisfy in order to be recognised by the Institute or the other accredited body for the purposes of section 36(1)(a) or (ab) of the Act

relevant overseas jurisdiction means the country, State, or territory outside New Zealand in which the overseas auditor is eligible to act as an auditor

specified entity has the meaning given in section 34(2) of the Act.

6 Prescribed times and information for purposes of section 36B(1) of Act: approved associations

- (1) This regulation applies for the purposes of section 36B(1) of the Act.
- (2) Every approved association must, during every relevant period, send to the Registrar a report that contains the information prescribed by subclause (3) (subject to subclause (4)).
- (3) The prescribed information is as follows:
 - (a) a statement that the approved association, to the best of its knowledge, complies with the requirements for approval under section 36A(1) of the Act as at the beginning of the relevant period:
 - (b) the details of any material change occurring before the relevant period in the way in which the approved association satisfies the requirements for approval under section 36A(1) of the Act (unless those details have been provided in a previous report):
 - (c) if no details are required to be provided under paragraph (b), a statement that that is the case.
- (4) If a statement cannot be given under subclause (3)(a), a statement that that is the case must be given instead.

- (5) In this regulation, **relevant period**, in relation to an approved association, means a period of 1 month ending with a relevant day.
- (6) In subclause (5), **relevant day** means—
 - (a) the day that is 5 years after the day on which the Registrar approves the association; or
 - (b) a day that is 5 years after a day that is a relevant day (whether by virtue of paragraph (a) or this paragraph).
- (7) In relation to an association of accountants to which clause 3 of the Schedule of the Act applies, in subclause (6)(a), the reference to the day on which the Registrar approves the association is to the day on which the Registrar re-approves it as referred to in clause 3(3) of that schedule.

7 Prescribed times and information for purposes of section 36B(1) of Act: persons approved under section 36(1)(d) of Act

- (1) This regulation applies for the purposes of section 36B(1) of the Act.
- (2) Every person who is approved under section 36(1)(d) of the Act must, during every relevant period, send to the Registrar a report that contains the information prescribed by subclause (3) (subject to subclause (4)).
- (3) The prescribed information is as follows:
 - (a) a statement that the approved person, to the best of his or her knowledge, complies with the requirements for approval under section 36A(2)(a) of the Act as at the beginning of the relevant period:
 - (b) the details of any criminal convictions in New Zealand or elsewhere that the approved person incurs before the relevant period (unless those details have been previously provided to the Registrar in a previous report or otherwise):
 - (c) if no details are required to be provided under paragraph (b), a statement that that is the case:
 - (d) the details of any material change occurring before the relevant period in the way in which the approved person satisfies the requirements for approval under section 36A(2)(a) of the Act (unless those details have been provided in a previous report):
 - (e) if no details are required to be provided under paragraph (d), a statement that that is the case.
- (4) If a statement cannot be given under subclause (3)(a), a statement that that is the case must be given instead.
- (5) In this regulation, **relevant period**, in relation to an approved person, means a period of 1 month ending with a relevant day.
- (6) In subclause (5), **relevant day** means—

- (a) the day that is 1 year after the day on which the Registrar approves the person; or
 - (b) a day that is 1 year after a day that is a relevant day (whether by virtue of paragraph (a) or this paragraph).
- (7) In relation to a natural person to whom clause 3 of the Schedule of the Act applies, in subclause (6)(a), the reference to the day on which the Registrar approves the person is to the day on which the Registrar re-approves the person as referred to in clause 3(3) of that schedule.

8 Prescribed requirements for purposes of section 36C(1)(a) of Act

- (1) The requirements set out in subclauses (2) to (4) are prescribed for the purposes of section 36C(1)(a) of the Act.
- (2) Qualified persons must control all, or the majority of, the voting rights in the company or overseas company.
- (3) All, or the majority of, the directors of the company or overseas company must be qualified persons.
- (4) The company or overseas company must hold professional indemnity insurance that can reasonably be regarded as adequate and appropriate for the scale and nature of the business of the company or overseas company.
- (5) In this regulation,—

control, in relation to a voting right, means having, directly or indirectly, effective control of the voting right

qualified person means a natural person who—

- (a) is a member of a relevant body; and
- (b) holds a practising certificate issued by that relevant body

relevant body means the Institute, another accredited body, or an approved association

voting right means a currently exercisable right to cast a vote at meetings of members or shareholders of a company or overseas company.

9 Prescribed form for purposes of section 45(3) of Act

The form set out in the Schedule is prescribed for the purposes of section 45(3) of the Act.

10 Financial Reporting Act 1993 ceases to apply to certain accounting periods

- (1) For the purposes of section 55(3) of the Act, section 55(2) of the Act ceases to apply to accounting periods that commence on or after the date that is prescribed or determined under subclause (2) or (4).
- (2) If the person to which section 55 of the Act applies is an issuer of any securities to which Part 2 of Schedule 4 of the Financial Markets Conduct Act 2013 (the **FMCA**) applies, the date is—

- (a) the first day of the accounting period in which the effective date for those securities occurs; or
- (b) if there is more than 1 effective date for those securities, the first day of the accounting period in which the earliest effective date occurs; or
- (c) if the accounting period under paragraph (a) or (b) ended before the commencement of this regulation, the first day of the accounting period in which this regulation commences.

Example

ABC Limited has accounting periods that start on 1 July and end on 30 June.

ABC Limited's shares are securities to which Part 2 of Schedule 4 of the FMCA applies.

ABC Limited elects to move the shares over to the requirements of the FMCA on 1 October 2016 (that is, the effective date of those shares is 1 October 2016). See clause 19 of Schedule 4 of the FMCA.

The effective date occurs in the 1 July 2016 to 30 June 2017 accounting period. Therefore the date that applies under subclause (2) is 1 July 2016. The Financial Reporting Act 1993 ceases to apply to the accounting period that starts on that date (and subsequent periods).

- (3) In subclause (2),—
 - (a) **effective date** has the same meaning as in clause 16(1) of Schedule 4 of the FMCA:
 - (b) references to accounting periods are references to accounting periods of the issuer.
- (4) In the case of any other person to which section 55 of the Act applies, the date is 1 December 2016.

Regulation 10: inserted, on 30 June 2016, by regulation 4 of the Financial Reporting Amendment Regulations 2016 (LI 2016/117).

Schedule Form

r 9

Form

Declaration that entity was inactive

Section 45(3), Financial Reporting Act 2013

The declaration in the format set out below must be made on behalf of the entity by 2 directors of the entity or, if the entity has only 1 director, by that director.

I, [*name of director of entity*], of [*place, occupation*], solemnly and sincerely declare that—

- (a) I am a director of [*name of entity*]; and

- (b) the incorporation or registration number of [*name of entity*] is [*incorporation or registration number*]; and
- (c) [*name of entity*] was an inactive entity (as defined in section 45(4) of the Financial Reporting Act 2013) in respect of the accounting period ending on [*balance date*].

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

Signature:

Declared at [*place*] this [*date*] day of [*month, year*]

Signature of person authorised to take statutory declaration:

Michael Webster,
Clerk of the Executive Council.

Issued under the authority of the Legislation Act 2012.

Date of notification in *Gazette*: 28 May 2015.

These regulations are administered by the Ministry of Business, Innovation, and Employment.

Reprints notes

1 *General*

This is a reprint of the Financial Reporting Regulations 2015 that incorporates all the amendments to those regulations as at the date of the last amendment to them.

2 *Legal status*

Reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by any amendments to that enactment. Section 18 of the Legislation Act 2012 provides that this reprint, published in electronic form, has the status of an official version under section 17 of that Act. A printed version of the reprint produced directly from this official electronic version also has official status.

3 *Editorial and format changes*

Editorial and format changes to reprints are made using the powers under sections 24 to 26 of the Legislation Act 2012. See also <http://www.pco.parliament.govt.nz/editorial-conventions/>.

4 *Amendments incorporated in this reprint*

Financial Reporting Amendment Regulations 2016 (LI 2016/117)