Financial Reporting Amendment Act 2004

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The Parliament of New Zealand enacts as follows:

1 Title

(1) This Act is the Financial Reporting Amendment Act 2004.

(2) In this Act, the Financial Reporting Act 1993 is called "the principal Act".

2 Commencement

This Act comes into force on the day after the date on which it receives the Royal assent.

3 Interpretation

(1) Section 2(1) of the principal Act is amended by repealing the definition of **exempt company**, and substituting the following definition:

"**exempt company** means a company, other than an overseas company or an issuer, if,—

"(a) as at the balance date of the accounting period for which financial statements are required,—

"(i) the value of the total assets of the company (including intangible assets) reported in the statement of financial position did not exceed $450,000 or any other amount that is, from time to time, prescribed by Order in Council for the purposes of this subparagraph; and

"(ii) the company was not a subsidiary of another body corporate or association of persons; and

"(iii) the company did not have any subsidiaries; and

"(b) in the accounting period for which financial statements are required, the turnover of the company did not exceed $1,000,000 or any other amount that is, from time to time, prescribed by Order in Council for the purposes of this paragraph".

(2) Section 2(1) of the principal Act is amended by repealing the definition of **turnover**, and substituting the following definition:

"**turnover** means the total annualised gross operating revenue of the company (exclusive of any tax required to be collected) reported in the statement of financial performance, income and expenditure statement, or revenue and appropriation account, as the case may be, for the accounting period for which the financial statements are required; and includes (without limitation) any sales, fee income, grants, output appropriations, cost recoveries, donations, dividends, interest, and subscriptions of the company for that accounting period".

4 Content of financial statements of exempt companies

(1) Section 12 of the principal Act is amended by repealing subsection (1), and substituting the following subsection:

"(1) The financial statements of an exempt company must either—

" '(a) be in the form and contain the particulars and comply with the directions as to the preparation of those state-

ments prescribed by the Governor-General by Order in Council; or

" '(b) comply with section 11 as if the exempt company were a reporting entity.' "

(1) The financial statements of an exempt company must either—

"(a) be in the form and contain the particulars and comply with the directions as to the preparation of those statements prescribed by the Governor-General by Order in Council; or

"(b) comply with section 11 as if the exempt company were a reporting entity."

(2) Section 12(2) of the principal Act is amended by omitting the words "The Governor-General", and substituting the words "For the purposes of subsection (1)(a), the Governor-General."

5 Functions of Board

Section 24 of the principal Act is amended by adding, as subsection (2), the following subsection:

"(2) For the avoidance of doubt, the function of the Board referred to in subsection (1)(a) includes the function of reviewing and, if the Board thinks fit, approving financial reporting standards submitted to it for approval that relate to prospective, summary, or interim financial information."

6 New section 36A inserted

The principal Act is amended by inserting, after section 36, the following section:

"**36A Content of statements that contain prospective, summary, or interim financial information**

"(1) Any statement prepared by, or on behalf of, a reporting entity that contains prospective, summary, or interim financial information for the reporting entity must comply with any applicable financial reporting standard.

"(2) Any statement prepared by, or on behalf of, a group comprising a reporting entity and its subsidiaries that contains prospective, summary, or interim financial information for the group must comply with any applicable financial reporting standard.

"(3) Every director of a reporting entity commits an offence and is liable on summary conviction to a fine not exceeding $100,000 if—

"(a) any statement prepared by, or on behalf of, the reporting entity that contains prospective, summary, or interim financial information for the reporting entity does not comply with this section; or

"(b) any statement prepared by, or on behalf of, a group comprising the reporting entity and its subsidiaries that contains prospective, summary, or interim financial information for the group does not comply with this section.

"(4) This section does not apply to the extent that it is inconsistent with, or modified by, the provisions of another enactment."

Legislative history

6 April 2004 Divided from Business Law Reform Bill (Bill 56-2), third reading