

**Reprint
as at 1 July 2015**



Financial Reporting Amendment Act 2014

Public Act 2014 No 64
Date of assent 6 November 2014
Commencement see section 2

Contents

	Page
1 Title	3
2 Commencement	3
Part 1	
Amendments to Financial Reporting Act 2013	
3 Principal Act	3
4 Section 5 amended (Interpretation)	3
5 New section 9A inserted (Transitional, savings, and related provisions)	4
9A Transitional, savings, and related provisions	4
6 Section 34 amended (Purpose and application)	4
7 Section 36 amended (Qualifications of auditor)	4
8 New sections 36A to 36T and cross-heading inserted	5
36A Power of Registrar of Companies to approve associations and auditors	5
36B Approved associations and persons must report to Registrar	6
36C Institute, accredited bodies, and approved associations may recognise body corporate as eligible to act as auditor	7

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.

This Act is administered by the Ministry of Business, Innovation, and Employment.

	36D	Registrar of Companies may approve overseas countries and legal structures	7
	36E	Institute, accredited bodies, and approved associations must keep recognition under review	8
	36F	Body corporate must ensure that engagement director is qualified auditor	8
	36G	Recognised body corporate must not act if requirements no longer met	8
	36H	Offence relating to section 36F or 36G	8
	36I	Cancellation or suspension of recognition or approval	9
	36J	Effect of cancellation or suspension of accreditation or approval on recognition under section 36	10
	36K	Registrar of Companies may authorise person to continue to act in respect of audit despite cancellation or suspension under section 36J	11
	36L	Notification of recognised and approved persons	11
	36M	Records of recognised persons	11
	36N	Register of approved persons	12
	36O	Search of register	13
	36P	Appeals in respect of recognition or approval matters	13
	36Q	False declarations and representations	14
	36R	Exemption from membership requirement for certain members of religious societies or orders	14
	36S	Institute or other accredited body may recognise as qualified statutory accountants certain members of religious societies or orders	15
	36T	Requirements for arrangement	15
9		New sections 39A and 39B and cross-heading inserted	16
		<i>Offences concerning unqualified persons</i>	
	39A	Offence for unqualified auditor to act	17
	39B	Offence to hold out as qualified auditor or as approved person	17
10		Section 45 amended (Meaning of large)	17
11		Section 48 amended (Minister must regularly review amounts to take into account inflation)	17
12		Section 49 amended (Order may amend amounts)	17
13		Section 50 amended (Regulations)	18
14		Section 51 amended (Levies)	19
15		New subpart 1A of Part 3 inserted	20
		Subpart 1A—Unqualified person must not hold out as qualified statutory accountant	
	53A	Offence to hold out as qualified statutory accountant	20
16		New Schedule inserted	20

Part 2		
Amendments to other Acts		
17	Amendments to other Acts	20
Schedule 1		
New Schedule inserted		
Schedule 2		
Amendments to other Acts		

The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Financial Reporting Amendment Act 2014.

2 Commencement

- (1) This Act comes into force on a date appointed by the Governor-General by Order in Council; and 1 or more orders may be made bringing different provisions into force on different dates.
- (2) To the extent that it has not previously been brought into force under subsection (1), the rest of this Act comes into force on 1 April 2017.

Section 2(1): this Act brought into force, on 1 July 2015, by the Financial Reporting Amendment Act 2014 Commencement Order 2015 (LI 2015/114).

Part 1
Amendments to Financial Reporting Act 2013

3 Principal Act

This Act amends the Financial Reporting Act 2013 (the **principal Act**).

4 Section 5 amended (Interpretation)

In section 5(1), insert in their appropriate alphabetical order:

accredited body means a person that is granted accreditation, or is treated as having been granted accreditation, under subpart 5 of Part 2 of the Auditor Regulation Act 2011

approved association means an association of accountants that is approved for the time being by the Registrar under section 36(1)(c)

Institute means the New Zealand Institute of Chartered Accountants constituted under the New Zealand Institute of Chartered Accountants Act 1996

qualified statutory accountant means a person who is—

- (a) a chartered accountant (within the meaning of section 19 of the New Zealand Institute of Chartered Accountants Act 1996); or

- (b) a member of an accredited body (other than the Institute) who holds the full professional designation of that body (for example, a certified practising accountant); or
- (c) recognised under section 36S

Registrar means the Registrar of Companies appointed in accordance with section 357(1) of the Companies Act 1993

5 New section 9A inserted (Transitional, savings, and related provisions)

After section 9, insert:

9A Transitional, savings, and related provisions

The transitional, savings, and related provisions set out in the Schedule have effect according to their terms.

6 Section 34 amended (Purpose and application)

(1) After section 34(1)(b), insert:

- (c) offences for an unqualified person to act as an auditor or to hold himself, herself, or itself out as being a qualified auditor.

(2) In section 34(2), after “of the entity”, insert “or of its financial statements”.

7 Section 36 amended (Qualifications of auditor)

(1) In section 36(1), after “of a specified entity”, insert “(or of its financial statements)”.

(2) Replace section 36(1)(a) with:

- (a) the person is—
 - (i) a chartered accountant (within the meaning of section 19 of the New Zealand Institute of Chartered Accountants Act 1996); and
 - (ii) recognised by the Institute, in accordance with the rules of that body, as being eligible to act as an auditor in respect of entities of the same kind as the specified entity; or
- (ab) the person is—
 - (i) a member of an accredited body; and
 - (ii) recognised by the accredited body, in accordance with the rules of that body, as being eligible to act as an auditor in respect of entities of the same kind as the specified entity; or

(3) In section 36(1)(c)(i), replace “Registrar of Companies” with “Registrar in accordance with section 36A(1)”.

(4) After section 36(1)(c)(i), insert:

- (ia) the person is recognised by the association, in accordance with the rules of that association, as being eligible to act as an auditor in respect of entities of the same kind as the specified entity; and
- (5) In section 36(1)(d)(ii), replace “Registrar of Companies by notice in the *Gazette*.” with “Registrar by notice in the *Gazette* in accordance with section 36A(2); or”.
- (6) After section 36(1)(d), insert:
 - (e) the person is a company, or an overseas company, that is a registered audit firm; or
 - (f) the person is a company that is recognised, in accordance with section 36C, as being eligible to act as an auditor in respect of entities of the same kind as the specified entity; or
 - (g) the person is an overseas company that—
 - (i) is recognised, in accordance with section 36C, as being eligible to act as an auditor in respect of entities of the same kind as the specified entity; and
 - (ii) is incorporated or constituted in a country, State, or territory that is approved for the time being under section 36D; and
 - (iii) has a legal structure that is approved for the time being under section 36D.
- (7) In section 36(2)(a), replace “unless he or she is a licensed auditor” with “unless he, she, or it is a licensed auditor or a body corporate that is a registered audit firm”.
- (8) In section 36(4), after “auditor of a specified entity”, insert “(or of its financial statements)”.
- (9) Replace section 36(4)(d) with:
 - (d) a body corporate (unless the body corporate is a registered audit firm or recognised as referred to in subsection (1)(f) or (g)):
- (10) After section 36(5), insert:
 - (6) A notice in the *Gazette* referred to in this section or section 36D is neither a legislative instrument nor a disallowable instrument for the purposes of the Legislation Act 2012 and does not have to be presented to the House of Representatives under section 41 of that Act.

8 New sections 36A to 36T and cross-heading inserted

After section 36, insert:

36A Power of Registrar of Companies to approve associations and auditors

- (1) The Registrar may, after receiving an application from an association of accountants, approve the association under section 36(1)(c)(i) if, after taking into

- account the prescribed matters (if any), the Registrar is satisfied that the association satisfies the requirements that are prescribed for the purposes of this subsection.
- (2) The Registrar may, after receiving an application from a natural person, approve the person under section 36(1)(d)(ii) if, after taking into account the prescribed matters (if any), the Registrar is satisfied that the person—
 - (a) satisfies the requirements that are prescribed for the purposes of this paragraph; and
 - (b) satisfies the minimum standards that are prescribed for the purposes of this paragraph.
 - (3) An application under subsection (1) or (2) must be accompanied by the prescribed fee.
 - (4) The Registrar may, by written notice given to an association or other person,—
 - (a) impose conditions on the approval of that association or person under section 36(1)(c)(i) or (d)(ii); and
 - (b) vary, revoke, add to, or substitute any such conditions at any time.
 - (5) The Registrar may impose any conditions that the Registrar thinks fit (for example, conditions that impose limits or restrictions on the ability of an approved association to recognise its members or conditions that impose limits or restrictions on the types of audits that a person approved under section 36(1)(d) may carry out).

36B Approved associations and persons must report to Registrar

- (1) Every approved association and every person who is approved under section 36(1)(d) must, at the prescribed times or on the occurrence of the prescribed events and otherwise in the prescribed manner, send to the Registrar reports that contain the prescribed information (together with a prescribed fee).
- (2) If an approved association (**A**) becomes aware that it does not comply, or no longer complies, with the requirements for approval under section 36A(1), **A**—
 - (a) must, as soon as practicable, give written notice of that non-compliance to the Registrar; and
 - (b) must cease to give recognition under section 36(1)(c)(ia) to any person who applies for or requests recognition after **A** becomes so aware.
- (3) If a person who is approved under section 36(1)(d) (**B**) becomes aware that he or she does not comply, or no longer complies, with the requirements or minimum standards for approval under section 36A(2), **B**—
 - (a) must, as soon as practicable, give written notice of that non-compliance to the Registrar; and
 - (b) must not act as the auditor of a specified entity or of its financial statements.

- (4) If an approved association or a person who is approved under section 36(1)(d) fails to comply with this section, the approval of that association or person is treated as suspended until—
- (a) a date specified in a notice given by the Registrar to the association or person; or
 - (b) the approval is cancelled under section 36I.

36C Institute, accredited bodies, and approved associations may recognise body corporate as eligible to act as auditor

- (1) The Institute, any other accredited body, or an approved association may recognise a company or an overseas company for the purposes of section 36(1)(f) or (g) if, after taking into account the prescribed matters, the Institute, accredited body, or approved association is satisfied that the company or overseas company—
- (a) satisfies the requirements that are prescribed for the purposes of this paragraph; and
 - (b) satisfies the minimum standards that are prescribed for the purposes of this paragraph; and
 - (c) has at least 1 director who is—
 - (i) a member of the Institute, accredited body, or approved association; and
 - (ii) a qualified auditor under any of paragraphs (a) to (d) of section 36(1) (in respect of all specified entities or 1 or more kinds of specified entities).
- (2) Recognition may relate to all specified entities or to 1 or more kinds of specified entities.

36D Registrar of Companies may approve overseas countries and legal structures

- (1) The Registrar may, by notice in the *Gazette*, approve, for the purposes of section 36(1)(g),—
- (a) a country, State, or territory; and
 - (b) a specified legal structure of that country, State, or territory (for example, a company incorporated under the law of a particular overseas country).
- (2) The Registrar must, before approving a country, State, or territory and a legal structure, be satisfied that—
- (a) the law or the regulatory requirements of that country, State, or territory impose requirements relating to auditor independence that are equivalent to, or as satisfactory as, the requirements that apply to New Zealand auditors; and

- (b) entities that have that legal structure are eligible to act as an auditor in that country, State, or territory.
- (3) The Registrar may not approve as a legal structure any kind of overseas limited partnership (within the meaning of section 4 of the Limited Partnerships Act 2008).

36E Institute, accredited bodies, and approved associations must keep recognition under review

- (1) The Institute, any other accredited body, or an approved association that recognises any person for the purposes of section 36(1) must maintain adequate and effective systems for keeping under review the recognition of those persons.
- (2) The purpose of the review is to provide reasonable assurance that the requirements and minimum standards for recognition continue to be satisfied.
- (3) The systems must include an annual review of each person who is recognised (for example, by requiring the person to verify that the requirements and any minimum standards for recognition continue to be satisfied).

36F Body corporate must ensure that engagement director is qualified auditor

- (1) If a body corporate (A) referred to in section 36(1)(e), (f), or (g) is appointed or is acting as the auditor of a specified entity or of its financial statements, A must ensure that each engagement director is a qualified auditor under any of paragraphs (a) to (d) of section 36(1).
- (2) In this section, **engagement director**, in respect of an audit where A is appointed or is acting, means the director or other person in A who is responsible for the audit and the performance of the audit and for the audit report that is issued on behalf of A.

36G Recognised body corporate must not act if requirements no longer met

If a body corporate (A) that is recognised for the purposes of section 36(1)(f) or (g) becomes aware that A does not comply, or no longer complies, with the requirements or minimum standards for recognition under section 36C, A—

- (a) must not act as the auditor of a specified entity or of its financial statements; and
- (b) must, as soon as practicable, give written notice of that non-compliance to the Institute, the accredited body, or the approved association that recognised A.

36H Offence relating to section 36F or 36G

- (1) If a body corporate (A) fails to comply with section 36F or 36G,—
 - (a) A commits an offence and is liable on conviction to a fine not exceeding \$150,000; and

- (b) every director of A also commits an offence and is liable on conviction to a fine not exceeding \$50,000.
- (2) It is a defence to a director charged with an offence in relation to the duty imposed under section 36F or 36G if the director proves that—
 - (a) A took all reasonable and proper steps to ensure that the duty would be complied with; or
 - (b) he or she took all reasonable steps to ensure that A complied with the duty; or
 - (c) in the circumstances, he or she could not reasonably have been expected to take steps to ensure that A complied with the duty.

36I Cancellation or suspension of recognition or approval

- (1) The Institute, any other accredited body, or an approved association may, in accordance with its rules, cancel or suspend its recognition of a person for the purposes of section 36(1)(a) or (ab) or (c)(ia) if the Institute, body, or association considers that the grounds for cancellation or suspension specified in its rules are satisfied.
- (2) The Institute or any other accredited body may cancel or suspend the recognition of a person for the purposes of section 36(1)(a) or (ab) if—
 - (a) the person is or was subject to an arrangement referred to in section 36T; and
 - (b) the Institute or body is satisfied that—
 - (i) the person has failed to comply with that arrangement in any material respect; or
 - (ii) the term of the arrangement has ended.
- (3) The Registrar may—
 - (a) cancel or suspend his or her approval of an association for the purposes of section 36(1)(c) if the Registrar considers that the association does not satisfy, or no longer satisfies, the requirements prescribed for the purposes of section 36A(1):
 - (b) cancel or suspend his or her approval of a person for the purposes of section 36(1)(d) if the Registrar considers that the person does not satisfy, or no longer satisfies, the requirements or minimum standards prescribed for the purposes of section 36A(2)(a) or (b):
 - (c) cancel or suspend his or her approval of an association or a person for the purposes of section 36(1)(c) or (d) if the Registrar considers that the association or person has failed to comply with any conditions under section 36A(4):

- (d) cancel his or her approval of an association or a person for the purposes of section 36(1)(c) or (d) on the written request of the association or person.
- (4) The Institute, any other accredited body, or an approved association may—
 - (a) cancel or suspend its recognition of a person for the purposes of section 36(1)(f) or (g) if the Institute, body, or association considers that the person does not satisfy, or no longer satisfies, the requirements or minimum standards prescribed for the purposes of section 36C(1)(a) or (b):
 - (b) cancel its recognition of a person for the purposes of section 36(1) on the written request of the person.
- (5) A suspension under—
 - (a) subsection (1), (2), or (4) is for the period that the Institute, accredited body, or approved association thinks fit or until the person satisfies any requirements specified by the Institute, body, or association:
 - (b) subsection (3) is for the period that the Registrar thinks fit or until the association or person satisfies any requirements specified by the Registrar.
- (6) If a person that has been recognised for the purposes of section 36(1)(f) or (g) no longer has at least 1 director of the kind referred to in section 36C(1)(c), the recognition is treated as suspended until the person again has at least 1 director of that kind (or the recognition is sooner cancelled).
- (7) If the Institute, an accredited body, an approved association, or the Registrar cancels the recognition or approval of a person (A), the Institute, body, association, or Registrar (as the case may be) may give a written notice to A stating that A may not apply to be re-recognised or re-approved before the expiry of a specified period (and that notice is binding on A).

36J Effect of cancellation or suspension of accreditation or approval on recognition under section 36

- (1) If the accreditation of the Institute or of an accredited body (A) is—
 - (a) cancelled under section 59 of the Auditor Regulation Act 2011, any recognition given by A and referred to in section 36(1) is treated as cancelled:
 - (b) suspended under section 59 of that Act, any recognition given by A and referred to in section 36(1) is treated as suspended during the period in which A's accreditation is suspended.
- (2) If the approval of an association (A) as an approved association is—
 - (a) cancelled by the Registrar, any recognition given by A and referred to in section 36(1)(c), (f), or (g) is treated as cancelled:

- (b) suspended by the Registrar, any recognition given by A and referred to in section 36(1)(c), (f), or (g) is treated as suspended during the period in which A's approval is suspended.
- (3) Subsection (1) or (2) does not apply if the person who is recognised by A is also recognised by another accredited body or approved association for the purposes of section 36(1).

36K Registrar of Companies may authorise person to continue to act in respect of audit despite cancellation or suspension under section 36J

- (1) This section applies if—
 - (a) a person's recognition is cancelled or suspended under section 36J; and
 - (b) the person is acting, or has been appointed to act, as the auditor in respect of an audit at the time that the recognition is cancelled or suspended.
- (2) The Registrar may authorise the person to act, or to continue to act, as the auditor in respect of the audit on the terms and conditions that the Registrar thinks fit.
- (3) The person may act, or continue to act, as the auditor in respect of the audit in accordance with the terms and conditions of the authorisation (and, for the purposes of that audit, the person's recognition must be treated as continuing).

36L Notification of recognised and approved persons

- (1) The Institute, any other accredited body, or an approved association must,—
 - (a) as soon as practicable after recognising a person (A) for the purposes of section 36(1), give A written notice of the recognition;
 - (b) as soon as practicable after cancelling or suspending such recognition, give A written notice of the cancellation or suspension.
- (2) The Registrar must,—
 - (a) as soon as practicable after approving a person (B) for the purposes of section 36(1)(c) or (d), give B written notice of the approval;
 - (b) as soon as practicable after cancelling or suspending such approval, give B written notice of the cancellation or suspension.
- (3) Every notice of suspension given under subsection (1)(b) or (2)(b) must specify the period of suspension or the requirements that must be satisfied before the suspension ends.

36M Records of recognised persons

- (1) The Institute, any other accredited body, or an approved association must—
 - (a) keep a record of all persons that the Institute, accredited body, or approved association (as the case may be) has recognised for the purposes

- of section 36(1) and of all cancellations or suspensions of such recognition; and
- (b) keep available a record of the persons recognised by it, at all reasonable times, on an Internet site maintained by or on behalf of the Institute, body, or association.
- (2) The purpose of subsection (1)(b) is to enable any person to determine whether a person is recognised for the purposes of section 36 and, if so, to obtain relevant information relating to the recognition.
 - (3) For the purposes of subsection (1)(b),—
 - (a) the record must include the following information about each recognised person:
 - (i) the full name of the person;
 - (ii) the town or city in which the person's principal place of business in New Zealand is located (unless subparagraph (iii) applies);
 - (iii) in the case of recognition under section 36(1)(c)(ia), the town or city in which the person's principal place of business is located;
 - (iv) the conditions or limitations on the recognition (if any); and
 - (b) the record must be reasonably prominent on the Internet site or the Internet site must contain a reasonably prominent link to the record.
 - (4) A record under subsection (1) is required to include information relating to a suspension under section 36I(6) only if the Institute, accredited body, or approved association is aware of the suspension.
 - (5) A person that fails to comply with subsection (1) or (3) commits an offence and is liable on conviction to a fine not exceeding \$50,000.

36N Register of approved persons

- (1) The Registrar must keep a register of all persons that the Registrar has approved for the purposes of section 36(1)(c) or (d).
- (2) The purpose of the register is to enable any person to determine whether a person is approved for the purposes of section 36(1) and, if so, to obtain relevant information relating to the approval.
- (3) The register may—
 - (a) be an electronic register; or
 - (b) be kept in any other manner that the Registrar thinks fit.
- (4) The register must contain the following information about each approved person:
 - (a) the full name of the person;
 - (b) the town or city in which the person's principal place of business is located;

- (c) the conditions or limitations on the approval (if any):
- (d) any other prescribed information.

36O Search of register

- (1) A person may search the register kept under section 36N in accordance with this Act or the regulations.
- (2) The register may be searched only by reference to the contents of the register required by section 36N or any other prescribed criteria.
- (3) A search of the register may be carried out only by the following persons for the following purposes:
 - (a) a person, for a purpose referred to in section 36N(2):
 - (b) a person, for the purpose of advising another person in connection with any of the purposes referred to in this subsection:
 - (c) an individual, or a person with the consent of the individual, for the purpose of searching for information about that individual.

36P Appeals in respect of recognition or approval matters

- (1) A person may appeal to a District Court against any decision of the Institute, an accredited body, an approved association, or the Registrar—
 - (a) to decline to recognise the person for the purposes of section 36(1); or
 - (b) to decline to approve the person for the purposes of section 36(1)(d); or
 - (c) to cancel or suspend that recognition or approval.
- (2) An association may appeal to a District Court against any decision of the Registrar—
 - (a) to decline to approve the association for the purposes of section 36(1)(c)(i); or
 - (b) to cancel or suspend that approval.
- (3) Subsection (1) does not apply to a decision if the rules of the Institute, the accredited body, or the approved association provide for an appeal against the decision to a body established to hear appeals against the decision (for example, the Appeals Council referred to in section 6(1)(h) of the New Zealand Institute of Chartered Accountants Act 1996).
- (4) Subsection (1) does not apply to a decision under sections 36R to 36T.
- (5) An appeal to a District Court under this section must be brought—
 - (a) in accordance with the rules of court; and
 - (b) within 20 working days after notice of the decision is communicated to the appellant, or within any further time a District Court Judge allows on application made before or after the period expires.

36Q False declarations and representations

- (1) Every person commits an offence who, for the purpose of obtaining or maintaining recognition or approval for the purposes of section 36(1) either on the person's own behalf or on behalf of any other person,—
 - (a) either orally or in writing, makes any declaration or representation to the Institute, another accredited body, an approved association, or the Registrar that, to the person's knowledge, is false or misleading in any material particular; or
 - (b) provides to the Institute, another accredited body, an approved association, or the Registrar any document knowing that the document—
 - (i) contains any declaration or representation that is false or misleading in any material particular; or
 - (ii) is not genuine; or
 - (c) makes use of any document knowing that the document—
 - (i) contains any declaration or representation that is false or misleading in any material particular; or
 - (ii) is not genuine.
- (2) A person who commits an offence under subsection (1) is liable on conviction to,—
 - (a) in the case of an individual, a fine not exceeding \$50,000;
 - (b) in the case of a body corporate, a fine not exceeding \$150,000.

36R Exemption from membership requirement for certain members of religious societies or orders

- (1) Section 36(1)(a)(i) or (ab)(i) (requirement to be a chartered accountant or member of an accredited body) does not apply to a person (A) if—
 - (a) the relevant body is satisfied that A is a practising member of a religious society or order whose doctrines or beliefs preclude membership of any organisation or body other than the religious society or order of which A is a member; and
 - (b) the relevant body has entered into a written arrangement with A that complies with section 36T.
- (2) The exemption under subsection (1) ceases if—
 - (a) the relevant body ceases to be satisfied as referred to in subsection (1)(a) and gives written notice of that fact to A; or
 - (b) the arrangement is terminated or otherwise comes to an end (unless a subsequent arrangement that complies with section 36T is entered into).
- (3) *See* also section 36I(2), which provides for the cancellation or suspension of recognition if there has been a material failure to comply with an arrangement.

- (4) In this section, **relevant body** means,—
- (a) in relation to section 36(1)(a)(i), the Institute; or
 - (b) in relation to section 36(1)(ab)(i), another accredited body.

36S Institute or other accredited body may recognise as qualified statutory accountants certain members of religious societies or orders

- (1) Subsection (2) applies if—
- (a) the Institute or another accredited body is satisfied that a person (A) is a practising member of a religious society or order whose doctrines or beliefs preclude membership of any organisation or body other than the religious society or order of which A is a member; and
 - (b) the Institute or other accredited body has entered into a written arrangement with A that complies with section 36T; and
 - (c) the Institute or other accredited body is satisfied that A—
 - (i) has satisfactory competence, qualifications, and experience to act as a qualified statutory accountant; and
 - (ii) is otherwise a fit and proper person to be a qualified statutory accountant.
- (2) The Institute or other accredited body may recognise A as a qualified statutory accountant by including a statement of that recognition in or with the arrangement under section 36T.
- (3) The recognition under subsection (2) ceases if—
- (a) the Institute or other accredited body ceases to be satisfied as referred to in subsection (1)(a) and gives written notice of that fact to A; or
 - (b) the arrangement is terminated or otherwise comes to an end (unless a subsequent arrangement that complies with section 36T is entered into).

36T Requirements for arrangement

- (1) For the purposes of section 36R or 36S (or both), the arrangement must—
- (a) state that the arrangement is entered into for the purposes of this section; and
 - (b) include a binding agreement by A to be subject to the following:
 - (i) the rules relating to the investigation of complaints against a member or former member of the Institute or other accredited body;
 - (ii) the rules relating to the hearing of complaints and other matters by a disciplinary body;
 - (iii) the rules relating to appeals from decisions of a disciplinary body;

- (iv) the rules relating to the kinds of conduct for which a member or former member of the Institute or other accredited body may be disciplined:
 - (v) the rules relating to the actions that may be taken in respect of, and the penalties that may be imposed on, a member or former member of the Institute or other accredited body for such conduct:
 - (vi) in the case of section 36R, the rules referred to in section 36(1)(a)(ii) or (ab)(ii):
 - (vii) the code of ethics that governs the professional conduct of the members of the Institute or other accredited body.
- (2) The arrangement may provide for any other matters that the Institute or other accredited body thinks fit, including matters—
- (a) relating to practice reviews:
 - (b) relating to continuing professional development:
 - (c) relating to reports and access to information:
 - (d) to promote compliance with the requirements imposed by or under any enactment that relate to the conduct of audits or other accounting engagements:
 - (e) to promote compliance with auditing and assurance standards and financial reporting standards:
 - (f) to otherwise promote reasonable care, diligence, and skill in the carrying out of audits or other accounting engagements:
 - (g) relating to the payment of fees:
 - (h) relating to the term of the arrangement.
- (3) Without limiting the means of enforcing the arrangement, the arrangement is binding on A as if A were a member of the Institute or other accredited body.
- (4) In this section,—
- disciplinary body** has the same meaning as in section 6(1) of the Auditor Regulation Act 2011
- rules** means the rules of the Institute or other accredited body (as the case may be).

Appointment of partnership

9 New sections 39A and 39B and cross-heading inserted

After section 39, insert:

Offences concerning unqualified persons

39A Offence for unqualified auditor to act

- (1) A person who acts as the auditor of a specified entity or of its financial statements commits an offence if the person is not a qualified auditor in respect of the entity.
- (2) A person who commits an offence under subsection (1) is liable on conviction to,—
 - (a) in the case of an individual, a fine not exceeding \$50,000;
 - (b) in the case of a body corporate, a fine not exceeding \$150,000.

39B Offence to hold out as qualified auditor or as approved person

- (1) A person must not hold out that the person is—
 - (a) recognised for the purposes of section 36(1)(a), (ab), (c)(ia), (f), or (g) if the person is not so recognised; or
 - (b) approved for the purposes of section 36(1)(c) or (d) if the person is not so approved; or
 - (c) qualified to act as the auditor of a specified entity or of its financial statements if the person is not a qualified auditor in respect of the entity.
- (2) A person who fails to comply with subsection (1) commits an offence and is liable on conviction to,—
 - (a) in the case of an individual, a fine not exceeding \$50,000;
 - (b) in the case of a body corporate, a fine not exceeding \$150,000.

10 Section 45 amended (Meaning of large)

Replace section 45(3) with:

- (3) Despite subsections (1) and (2), an entity is not large in respect of an accounting period (**period A**) if—
 - (a) the entity was an inactive entity in respect of period A; and
 - (b) the entity, within 5 months after the end of period A, delivers to the Registrar a declaration, in the prescribed form, stating that it was an inactive entity in respect of period A.

11 Section 48 amended (Minister must regularly review amounts to take into account inflation)

In section 48(1)(a), after “of this Act”, insert “, section 42D of the Charities Act 2005”.

12 Section 49 amended (Order may amend amounts)

After section 49(c), insert:

- (ca) amending the amounts specified in section 42D of the Charities Act 2005:

13 Section 50 amended (Regulations)

- (1) After section 50(1)(a), insert:
 - (ab) prescribing matters that must be taken into account under section 36A(1) or (2) or 36C:
 - (ac) prescribing requirements for the purposes of section 36A(1) or (2)(a):
 - (ad) prescribing requirements for the purposes of section 36C(1)(a), including (without limitation) requirements relating to a company's or an overseas company's—
 - (i) ownership, including requirements relating to who may be a shareholder or member and who may exercise voting rights (for example, requiring all or a majority of voting rights to be held by members of the Institute, an accredited body, or an approved association):
 - (ii) governance, including requirements relating to who may be a director or senior manager (for example, requiring all or a majority of directors to be members of the Institute, an accredited body, or an approved association):
 - (iii) systems, policies, and procedures that relate to any of the following:
 - (A) promoting compliance with the requirements imposed by or under any enactment that relates to the conduct of audits:
 - (B) promoting compliance with auditing and assurance standards:
 - (C) promoting reasonable care, diligence, and skill in the carrying out of audits:
 - (iv) professional indemnity insurance:
 - (ae) prescribing minimum standards for the purposes of section 36A(2)(b) or 36C(1)(b):
 - (af) prescribing fees payable in respect of applications under section 36A or reports under section 36B(1) (or the manner in which those fees may be calculated):
 - (ag) prescribing matters relating to reports under section 36B, including the times and events referred to in that section and the information that must be contained in the reports (including prescribing the manner in which the information is to be presented, calculated, or prepared):

- (ah) prescribing procedures, requirements, and other matters, not inconsistent with this Act, for the register kept under section 36N, including matters that relate to—
 - (i) the operation of the register:
 - (ii) the form of the register:
 - (iii) the information to be contained in the register:
 - (iv) access to the register:
 - (v) search criteria for the register:
 - (vi) circumstances in which amendments must be made to the register:
 - (ai) prescribing a form for the purposes of section 45(3):
- (2) Replace section 50(2) with:
- (2) Any regulations made under subsection (1)(ad) relating to professional indemnity insurance may, without limitation,—
- (a) specify the terms and conditions upon which insurance is to be available and any circumstances in which the insurance cover may be excluded or modified:
 - (b) specify the minimum terms and conditions that an insurance policy must satisfy:
 - (c) specify circumstances in which a body corporate or any class of bodies corporate are exempt from the requirements:
 - (d) require a body corporate to have arrangements in place that ensure that an accredited body or approved association can ascertain whether the insurance is being maintained in accordance with the regulations.
- (3) For the purposes of subsection (1)(af),—
- (a) regulations may authorise the Registrar to refund or waive, in whole or in part and on any conditions that may be prescribed, payment of the fee in relation to any person or class of persons:
 - (b) the Registrar may refuse to perform a function or exercise a power until the prescribed fee is paid:
 - (c) any fee payable under the regulations is recoverable by the Registrar in any court of competent jurisdiction as a debt due to the Registrar.
- (4) Different requirements, dates, methods, or other matters may be prescribed under the regulations in respect of different classes of persons or different circumstances.

14 Section 51 amended (Levies)

Replace section 51(3)(a) with:

- (a) qualified statutory accountants; and

15 New subpart 1A of Part 3 inserted

After section 53, insert:

Subpart 1A—Unqualified person must not hold out as qualified statutory accountant**53A Offence to hold out as qualified statutory accountant**

- (1) If any enactment requires a qualified statutory accountant to act in respect of a matter, a person must not hold out that the person is qualified to act in respect of the matter if the person is not a qualified statutory accountant.
- (2) A person who fails to comply with subsection (1) commits an offence and is liable on conviction to,—
 - (a) in the case of an individual, a fine not exceeding \$50,000;
 - (b) in the case of a body corporate, a fine not exceeding \$150,000.

16 New Schedule inserted

After section 61, insert the Schedule set out in Schedule 1 of this Act.

**Part 2
Amendments to other Acts****17 Amendments to other Acts**

Amend the enactments specified in Schedule 2 as set out in that schedule.

Schedule 1 New Schedule inserted

s 16

Schedule Transitional, savings, and related provisions

s 9A

Provisions relating to Financial Reporting Amendment Act 2014

1 Interpretation

In clauses 2 and 3,—

2014 Amendment Act means the Financial Reporting Amendment Act 2014

principal Act means the Financial Reporting Act 2013.

2 New requirements apply to accounting periods that commence on or after commencement of 2014 Amendment Act

(1) Section 36(1)(a) of the principal Act (as in force after the commencement of section 7(2) of the 2014 Amendment Act) applies to audits of financial statements for accounting periods that commence on or after the commencement of section 7(2) of the 2014 Amendment Act.

(2) Section 36(1)(a) of the principal Act (as in force before the commencement of section 7(2) of the 2014 Amendment Act) continues to apply to audits of financial statements for accounting periods that commence before the commencement of section 7(2) of the 2014 Amendment Act.

(3) Section 36(1)(c) of the principal Act (as in force after the commencement of section 7(4) of the 2014 Amendment Act) applies to audits of financial statements for accounting periods that commence on or after the commencement of section 7(4) of the 2014 Amendment Act.

(4) Section 36(1)(c) of the principal Act (as in force before the commencement of section 7(4) of the 2014 Amendment Act) continues to apply to audits of financial statements for accounting periods that commence before the commencement of section 7(4) of the 2014 Amendment Act.

(5) Section 45(3) of the principal Act (as in force after the commencement of section 10 of the 2014 Amendment Act) applies to accounting periods that commence on or after 1 April 2014.

3 Approval under section 36 continues for 1 year only unless re-approved by Registrar under new requirements

(1) This clause applies to—

- (a) an association of accountants that, immediately before the commencement of this clause, has an approval that is in effect under section 36(1)(c); and
 - (b) a person who, immediately before the commencement of this clause, has an approval that is in effect under section 36(1)(d).
- (2) The approval referred to in subclause (1) continues in effect after the commencement of this clause.
- (3) However, that approval ceases to be in effect on the date that is 12 months after the date on which this clause comes into force unless the Registrar has re-approved the association of accountants or person under section 36(1)(c) or (d), as the case may be (in accordance with section 36A).
- (4) Nothing in this clause limits the ability of the Registrar to do either or both of the following in respect of an association or a person referred to in subclause (1):
 - (a) cancel or suspend the approval of the association or person under this Act (and such a cancellation or suspension may take effect before or after the date that is 12 months after the date on which this clause comes into force); or
 - (b) impose, vary, revoke, add to, or substitute any conditions under section 36A at any time.
- (5) However, for the 12-month period referred to in subclause (3), section 36B(2) to (4) does not apply.
- (6) Section 61 is subject to this clause.

Schedule 2 Amendments to other Acts

s 17

Companies Act 1993 (1993 No 105)

In section 186(3)(b), delete “chartered”.

In section 192(4)(b), delete “chartered”.

In section 214(3), replace “chartered accountant” with “qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013)”.

Replace section 286(1)(f) with:

- (f) if the liquidator is a qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013), a member of the governing body of the association of accountants of which the qualified statutory accountant is a member:

In section 357(2), after “under this Act”, insert “, the Financial Reporting Act 2013,”.

Education Act 1989 (1989 No 80)

In section 35P(b), replace “chartered accountant” with “qualified auditor (within the meaning of section 35 of the Financial Reporting Act 2013)”.

In section 158K(3), replace “chartered accountant” with “qualified auditor (within the meaning of section 35 of the Financial Reporting Act 2013)”.

In section 159YD(3), replace “an independent chartered accountant” with “a qualified auditor (within the meaning of section 35 of the Financial Reporting Act 2013)”.

In section 159ZE(3), replace “an independent chartered accountant” with “a qualified auditor (within the meaning of section 35 of the Financial Reporting Act 2013)”.

In section 234C(1), definition of **trustee**, replace “chartered accountant” with “qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013)”.

Electoral Act 1993 (1993 No 87)

Replace section 206K(e) with:

- (e) a body corporate that—
 - (i) is not a registered audit firm (within the meaning of the Auditor Regulation Act 2011); and
 - (ii) is not recognised as referred to in section 36(1)(f) or (g) of the Financial Reporting Act 2013; or

Financial Advisers Act 2008 (2008 No 91)

In section 5, repeal the definition of **chartered accountant**.

In section 5, insert in its appropriate alphabetical order:

Financial Advisers Act 2008 (2008 No 91)—continued

qualified statutory accountant has the same meaning as in section 5(1) of the Financial Reporting Act 2013

In section 14(1)(d), replace “chartered accountant” with “qualified statutory accountant”.

In section 77C(1)(a), replace “chartered accountant” with “qualified statutory accountant”.

Financial Markets Conduct Act 2013 (2013 No 69)

In section 6(1), repeal the definition of **chartered accountant**.

In section 6(1), insert in its appropriate alphabetical order:

qualified statutory accountant has the same meaning as in section 5(1) of the Financial Reporting Act 2013

In section 372(3)(c), replace “chartered accountant” with “qualified statutory accountant”.

In section 461E(3), after “registered audit firm”, insert “that is a partnership”.

In section 461E(4)(c), after “body corporate”, insert “that is not a registered audit firm”.

In clause 41(1)(c) of Schedule 1, replace “chartered accountant” with “qualified statutory accountant”.

In clause 42(2)(a) and (b) of Schedule 1, replace “chartered accountant” with “qualified statutory accountant”.

In clause 43(1) and (2) of Schedule 1, replace “chartered accountant” with “qualified statutory accountant”.

Financial Service Providers (Registration and Dispute Resolution) Act 2008 (2008 No 97)

In section 4, repeal the definition of **chartered accountant**.

In section 4, insert in its appropriate alphabetical order:

qualified statutory accountant has the same meaning as in section 5(1) of the Financial Reporting Act 2013

In section 7(2)(a), replace “chartered accountant” with “qualified statutory accountant”.

Gambling Act 2003 (2003 No 51)

In section 212, replace “chartered accountant (within the meaning of section 19 of the New Zealand Institute of Chartered Accountants Act 1996)” with “qualified auditor (within the meaning of section 35 of the Financial Reporting Act 2013)”.

Lawyers and Conveyancers Act 2006 (2006 No 1)

In section 109(3)(b), replace “chartered accountant” with “qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013)”.

Replace section 150(f) with:

- (f) a qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013):

In section 188(2)(d)(iv), after “Accountants”, insert “or a disciplinary tribunal, committee, or other body of any other accredited body (within the meaning of section 6(1) of the Auditor Regulation Act 2011)”.

In section 309(2), replace “chartered accountant” with “qualified auditor (within the meaning of section 35 of the Financial Reporting Act 2013)”.

In section 310(2), replace “chartered accountant” with “qualified auditor (within the meaning of section 35 of the Financial Reporting Act 2013)”.

In Schedule 2, clause 6(d), after “Accountants”, insert “or to the governing body of any other accredited body (which in this schedule has the same meaning as in section 6(1) of the Auditor Regulation Act 2011)”.

In Schedule 2, replace clause 8 with:

8 Restrictions on publication by Council of New Zealand Institute of Chartered Accountants or other accredited body

- (1) If any disclosure is made under clause 6(d), the Council or governing body referred to in that paragraph must consider the information given in private and not otherwise.
- (2) It is not lawful for any member of the Council or governing body or for any officer of the New Zealand Institute of Chartered Accountants or the accredited body to publish to any person any information so disclosed except in evidence in disciplinary proceedings under the New Zealand Institute of Chartered Accountants Act 1996 or under the rules of the accredited body.

In Schedule 3, clause 10(2)(b)(iv), after “Accountants”, insert “or a disciplinary tribunal, committee, or other body of any other accredited body (within the meaning of section 6(1) of the Auditor Regulation Act 2011)”.

Limited Partnerships Act 2008 (2008 No 1)

In section 67(3)(b), delete “chartered”.

In section 70(4)(b), delete “chartered”.

In section 76(4), replace “chartered accountant” with “qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013)”.

Real Estate Agents Act 2008 (2008 No 66)

In section 135(2)(b), replace “chartered accountant” with “qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013)”.

Receiverships Act 1993 (1993 No 122)

Replace section 37(1)(i) with:

- (i) if the receiver is a qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013), a member of the governing body of the association of accountants of which the qualified statutory accountant is a member:

Retirement Villages Act 2003 (2003 No 112)

In section 13(1), replace “chartered accountant” with “qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013)”.

In section 94(3)(b), delete “chartered”.

Trustee Act 1956 (1956 No 61)

In section 83B(1), replace “chartered accountant (within the meaning of section 19 of the New Zealand Institute of Chartered Accountants Act 1996)” with “qualified statutory accountant” in each place.

After section 83B(1), insert:

- (1A) In subsection (1), **qualified statutory accountant** has the same meaning as in section 5(1) of the Financial Reporting Act 2013.

Unclaimed Money Act 1971 (1971 No 28)

Replace section 5(1)(j) with:

- (j) any qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013) in respect of money held on behalf of clients:

Reprints notes

1 *General*

This is a reprint of the Financial Reporting Amendment Act 2014 that incorporates all the amendments to that Act as at the date of the last amendment to it.

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 Act 2014 Commencement Order 2015 (LI 2015/114)