

# **Financial Reporting Amendment Bill**

Government Bill

As reported from the committee of the whole  
House

This bill was formerly part of the Auditor Regulation and External Reporting Bill as reported from the Commerce Committee. The committee of the whole House has further amended the bill and divided it into the following bills:

- the Auditor Regulation Bill comprising clauses 1 and 2, Parts 1 to 3, and Schedule 1
  - this bill comprising Part 4 and Schedule 2.
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**Financial Reporting Amendment Bill**

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**Key to symbols used in reprinted bill**

**As reported from the committee of the whole  
House**

text inserted

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*Hon Simon Power*

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**The Parliament of New Zealand enacts as follows:**

**1 Title**

This Act is the Financial Reporting Amendment Act **2011**.

**2 Commencement**

- (1) This Act (apart from **section 86**) comes into force on 1 July 2011.

- (2) **Section 86** comes into force on 1 July 2012, unless it is brought into force on an earlier date to be appointed by the Governor-General by Order in Council.

. . . . .

**83 Principal Act amended**  
**This Part** amends the Financial Reporting Act 1993. 5

- 84 Long Title amended**
- (1) Paragraph (c) of the Long Title is amended by omitting “**Establish an Accounting Standards Review**” and substituting “**continue an External Reporting**”.
- (2) Paragraph (d) of the Long Title is amended by omitting “**approved**” and substituting “**issued**”. 10
- (3) The Long Title is amended by inserting the following paragraph after paragraph (d):  
 “(da) **provide for the issue of auditing and assurance standards by the Board; and**”. 15

- 85 Interpretation**
- (1) The definitions of **applicable financial reporting standard**, **approved financial reporting standard**, and **Board** in section 2(1) are repealed.
- (2) Section 2(1) is amended by inserting the following definitions 20  
 in their appropriate alphabetical order:  
 “**applicable financial reporting standard**, in relation to a reporting entity or a group and to an accounting period or an interim accounting period of a reporting entity, means a financial reporting standard that applies to the reporting entity or 25  
 the group and to the accounting period or the interim accounting period in accordance with the financial reporting standard, a determination of the Board for the time being in force, or any election made under **section 28(4)**  
 “**auditing and assurance standard** means an auditing and 30  
 assurance standard issued by the Board under **section 24**; and includes an amendment to an auditing and assurance standard that is issued by the Board under that section

“**Board** means the External Reporting Board continued under **section 22**

“**financial reporting standard** means a financial reporting standard issued by the Board under **section 24**; and includes an amendment to a financial reporting standard that is issued by the Board under that section 5

“**licensed auditor** has the same meaning as in **section 6** of the **Auditor Regulation and External Reporting Act 2010**

“**registered audit firm** has the same meaning as in **section 6** of the **Auditor Regulation and External Reporting Act 2010** 10

“**specified standard** means—

“(a) a financial reporting standard; or

“(b) an auditing and assurance standard”.

**86 Financial statements of issuers and group financial statements of issuers to be audited** 15

(1) Section 15(2) is repealed and the following subsection substituted:

“(2) The financial statements and any group financial statements must be audited— 20

“(a) by a licensed auditor; or

“(ab) by a registered audit firm; or

“(b) if the issuer is a public entity under the Public Audit Act 2001, by the Auditor-General or any other person who may act as the auditor under that Act.” 25

(2) The amendment made by **subsection (1)** does not apply to audits in respect of financial statements, or group financial statements, prepared for accounting periods that ended before the commencement of this section and, accordingly, section 15(2) of the principal Act (as in force before the commencement of this section) continues to apply to those audits. 30

**88 Part 3 substituted**

Part 3 is repealed and the following Part substituted:

**“Part 3  
“External Reporting Board**

**“22 Continuation of External Reporting Board**

- “(1) There continues to be an organisation to be called the External Reporting Board. 5
- “(2) The External Reporting Board is a Crown entity for the purposes of section 7 of the Crown Entities Act 2004.
- “(3) The Crown Entities Act 2004 applies to the External Reporting Board except to the extent that this Act expressly provides otherwise. 10
- “(4) The External Reporting Board is the same body as the Accounting Standards Review Board established under section 22 as in force immediately before its substitution by this section.
- “(5) Unless the context otherwise requires, every reference to the Accounting Standards Review Board in any enactment, agreement, deed, instrument, application, notice, or other document in force immediately before the commencement of this section must, on and after that commencement, be read with all necessary modifications as a reference to the External Reporting Board. 20

**“23 Membership of Board**

- “(1) The Board consists of no fewer than 4 and not more than 9 members.
- “(2) The Minister must not recommend a person for appointment as a member of the Board unless, in the opinion of the Minister, that person is qualified for appointment by reason of his or her knowledge of, or experience in, business, accounting, auditing, finance, economics, or law. 25
- “(3) **Subsection (2)** does not limit section 29 of the Crown Entities Act 2004. 30
- “(4) Members of the External Reporting Board are the board for the purposes of the Crown Entities Act 2004.

**“24 Functions of Board**

- “(1) The Board has the following functions: 35

- “(a) to prepare and, if it thinks fit, issue financial reporting standards for the purposes of—
- “(i) this Act; or
  - “(ii) the Crown Entities Act 2004; or
  - “(iii) the Public Finance Act 1989; or 5
  - “(iv) the Local Government Act 2002; or
  - “(v) any Act that requires a person to comply with this Act as if that person were a reporting entity:
- “(b) to prepare and, if it thinks fit, issue auditing and assurance standards for— 10
- “(i) the purposes of this Act; or
  - “(ii) the purposes of **Parts 1 to 3** of the **Auditor Regulation and External Reporting Act 2010**; or
  - “(iii) the purposes of any enactment that requires a person to comply with those standards; or 15
  - “(iv) the purposes of any rules or codes of ethics of an association of accountants that require its members to comply with those standards; or
  - “(v) any other purpose approved by the Minister by notice in writing to the Board: 20
- “(c) to develop and implement strategies for the issue of specified standards in order to provide a framework for the Board’s overall direction in the setting of standards (including developing and implementing a strategy for tiers of financial reporting in accordance with **sections 34 to 34D**): 25
- “(d) to give directions or guidance as to the accounting policies that have authoritative support within the accounting profession in New Zealand: 30
- “(f) to prepare and, if it thinks fit, issue amendments to any specified standards:
- “(g) to liaise with international or national organisations that exercise functions that correspond with, or are similar to, those conferred on the Board. 35
- “(2) For the avoidance of doubt, the function of the Board referred to in **subsection (1)(a)** includes the function of preparing and, if the Board thinks fit, issuing financial reporting stand-

ards that relate to prospective, summary, or interim financial information.

**“25 Board must act independently**

Except as expressly provided otherwise in this or another Act, the Board must act independently in performing its statutory functions and duties, and exercising its statutory powers, under— 5

“(a) this Act; and

“(b) any other Act that expressly provides for the functions, powers, or duties of the Board (other than the Crown Entities Act 2004). 10

**“26 Consultation**

“(1) The Board must not issue a specified standard, or an amendment to a specified standard, unless the Board has taken reasonable steps to consult with persons or organisations or representatives of persons or organisations who, in the opinion of the Board, would be affected by the issue of the standard or the amendment. 15

“(2) The Board must not issue a specified standard, or an amendment to a specified standard, that is likely to require the disclosure of personal information unless the Board has consulted the Privacy Commissioner. 20

“(3) Any failure to comply with **subsection (1) or (2)** does not affect the validity of the specified standard or the amendment.

“(4) In **subsection (2)**,— 25  
 “**personal information** has the same meaning as in section 2 of the Privacy Act 1993

“**Privacy Commissioner** has the same meaning as Commissioner in section 2 of the Privacy Act 1993.

“(5) This section does not limit section 16 or 17 of the Crown Entities Act 2004. 30

**“27 Financial reporting standards**

“(1) Financial reporting standards may be expressed to apply in relation to—

“(a) all reporting entities or groups; or 35

- “(b) specified reporting entities or groups; or  
“(c) the Crown; or  
“(d) all departments or offices of Parliament or Crown entities; or  
“(e) specified departments or offices of Parliament or Crown entities; or 5  
“(f) all local authorities; or  
“(g) specified local authorities; or  
“(h) accounting periods or interim accounting periods.
- “(2) Financial reporting standards may— 10  
“(a) have general or specific application:  
“(b) differ according to differences in time or circumstance.
- “(3) A financial reporting standard may classify a company as a subsidiary of another company where, although the company is not a subsidiary of that other company for the purposes of section 5 of the Companies Act 1993, the company is, in effect, controlled by that other company (irrespective of whether it is taken to be controlled by that other company for the purposes of section 5 of the Companies Act 1993) so as to render it, in substance, a subsidiary of that other company. 15 20
- “(4) In **subsection (3)**, **company** includes an association of persons whether incorporated or not.
- “(5) The Board may determine that—  
“(a) a financial reporting standard that has not been issued so as to apply to a particular person (including a department or office of Parliament) or category of persons will apply to that person or category of persons in relation to the accounting periods or interim accounting periods that the Board may determine; or 25  
“(b) a financial reporting standard that applies to a particular person (including a department or office of Parliament) or category of persons will cease to apply to that person or category of persons in relation to the accounting periods or interim accounting periods that the Board may determine. 30 35

- “**28 Miscellaneous matters relating to application of financial reporting standards**
- “(1) A financial reporting standard, an amendment to a financial reporting standard, or a determination under **section 27(5)** (as the case may be) takes effect on the 28th day after the date of the notification of the issue, amendment, or determination in the *Gazette*. 5
- “(2) However, a financial reporting standard, an amendment to a financial reporting standard, or a determination under **section 27(5)** (as the case may be) must, in respect of a particular reporting entity, be treated as taking effect on the date of the notification of the issue, amendment, or determination in the *Gazette* if— 10
- “(a) the Board is satisfied that it is desirable to allow this subsection to apply because bringing the financial reporting standard, amendment, or determination into effect earlier than is provided in **subsection (1)** is necessary or desirable in order for 1 or more reporting entities or the directors of those entities to comply with the financial reporting or accounting standards issued or adopted by an international organisation (for example, the International Accounting Standards Board); and 15 20
- “(b) the notice under **section 31** states that this subsection applies; and
- “(c) the directors of the reporting entity elect in writing that this subsection should apply in respect of the financial reporting standard, amendment, or determination. 25
- “(3) A financial reporting standard, an amendment to a financial reporting standard, or a determination made under **section 27(5)** commences to apply in relation to the accounting periods or interim accounting periods that the Board specifies in the standard, amendment, or determination, which periods— 30
- “(a) may be accounting periods or interim accounting periods that have commenced or that commence before the date on which the financial reporting standard, amendment, or determination takes effect; but 35
- “(b) must not be accounting periods or interim accounting periods that have ended or that end before the financial

reporting standard, amendment, or determination takes effect.

- “(4) However, if a financial reporting standard specifies that an election may be made under this subsection, any of the following may elect in writing that the standard will apply to a particular accounting period or interim accounting period that it would not otherwise apply to: 5
- “(a) the directors of a reporting entity:
  - “(b) the Minister of Finance and the Secretary to the Treasury, in relation to financial statements for the Crown required to be prepared under the Public Finance Act 1989: 10
  - “(c) the chief executive of a department:
  - “(d) the chief executive of an office of Parliament:
  - “(e) the chairperson and the chief executive of a Crown entity or, if no chairperson exists, the chief executive: 15
  - “(f) the chief executive of a local authority.
- “(5) If an election is made under **subsection (4)**, the financial reporting standard will apply accordingly to the accounting period or interim accounting period in respect of the relevant reporting entity, the Crown, the department, the office of Parliament, the Crown entity, or the local authority (as the case may be). 20
- “**29 Auditing and assurance standards** 25
- “(1) Auditing and assurance standards may— 25
- “(a) have general or specific application:
  - “(b) differ according to differences in time or circumstance.
- “(2) Auditing and assurance standards may (without limitation) include professional and ethical standards that govern the professional conduct of persons who are appointed or engaged to carry out audits or other assurance engagements. 30
- “(3) An auditing and assurance standard or an amendment to an auditing and assurance standard takes effect on the 28th day after the date of the notification of the issue or amendment in the *Gazette*. 35
- “(4) An auditing and assurance standard or an amendment to an auditing and assurance standard commences to apply in rela-

tion to the accounting periods or interim accounting periods that the Board specifies in the standard or amendment, which periods—

- “(a) may be accounting periods or interim accounting periods that have commenced or that commence before the date on which the auditing and assurance standard or amendment takes effect; but 5
- “(b) must not be accounting periods or interim accounting periods that have ended or that end before the auditing and assurance standard or amendment takes effect. 10

**“30 Revocation of standard**

- “(1) The Board may revoke a specified standard.
- “(2) Any revocation takes effect on the 28th day after the date of the notification of the revocation in the *Gazette*.
- “(3) The revocation of a specified standard applies in relation to the accounting periods or interim accounting periods that the Board specifies, which periods— 15
  - “(a) may be accounting periods or interim accounting periods that have commenced or that commence before the date on which the revocation takes effect; but 20
  - “(b) must not be accounting periods or interim accounting periods that have ended or that end before the revocation takes effect.
- “(4) However, if the revocation of a financial reporting standard specifies that an election may be made under this subsection, any of the following may elect in writing that the revocation will apply to a particular accounting period or interim accounting period that it would not otherwise apply to: 25
  - “(a) the directors of a reporting entity:
  - “(b) the Minister of Finance and the Secretary to the Treasury, in relation to financial statements for the Crown required to be prepared under the Public Finance Act 1989: 30
  - “(c) the chief executive of a department:
  - “(d) the chief executive of an office of Parliament: 35
  - “(e) the chairperson and the chief executive of a Crown entity or, if no chairperson exists, the chief executive:
  - “(f) the chief executive of a local authority.

- “(5) If an election is made under **subsection (4)**, the revocation of the financial reporting standard will apply accordingly to the accounting period or interim accounting period in respect of the relevant reporting entity, the Crown, the department, the office of Parliament, the Crown entity, or the local authority (as the case may be). 5
- “**31 Public notice**
- “(1) The Board must give notice of—
- “(a) the issue of a specified standard; and
  - “(b) the amendment of a specified standard; and 10
  - “(c) any determination made under **section 27(5)**; and
  - “(d) the revocation of a specified standard or of any amendment to any specified standard.
- “(2) A notice under this section—
- “(a) must be given in the *Gazette*; and 15
  - “(b) may be given in any other publications that the Board considers appropriate for that purpose.
- “(3) A notice under this section must—
- “(a) identify the specified standard or the amendment to the specified standard (as the case may be) but need not incorporate it in the notice: 20
  - “(b) identify the financial reporting standard to which the determination relates, but need not incorporate it in the notice:
  - “(c) identify the specified standard revoked or the amendment to the standard revoked (as the case may be) but need not incorporate it in the notice. 25
- “(4) The Board must—
- “(a) publish specified standards that are in effect on an Internet site maintained by or on behalf of the Board; and 30
  - “(b) ensure that copies of those specified standards are available for purchase by members of the public.
- “**32 Disallowance of instruments and determinations by House of Representatives**
- “(1) The Regulations (Disallowance) Act 1989 applies to the following determinations of the Board as if the instruments and 35

- determinations of the Board as if the instrument or determination were a regulation within the meaning of that Act:
- “(a) any ~~issue of a~~ specified standard:
  - “(b) any amendment to a specified standard:
  - “(c) any revocation of a specified standard: 5
  - “(d) any determination made under **section 27(5)**.
- “(1A) The instruments and determinations referred to in **subsection (1)** must be presented to the House of Representatives in accordance with section 4 of the Regulations (Disallowance) Act 1989. 10
- “(2) The instruments and determinations referred to in **subsection (1)** are not regulations for the purposes of the Acts and Regulations Publication Act 1989.
- “**33 Certificates of Board** 15
- A certificate purporting to be signed by any member of the Board as to any of the following is, in the absence of evidence to the contrary, sufficient evidence of the matters stated in the certificate:
- “(a) the making of a determination issuing a specified standard or any amendment to a specified standard; or 20
  - “(b) the making of a determination under **section 27(5)** and the accounting period or interim accounting period in relation to which it applies; or
  - “(c) the making of a determination revoking a specified standard; or 25
  - “(d) the accounting period or interim accounting period in relation to which a specified standard will commence to apply; or
  - “(e) the accounting period or interim accounting period in relation to which a specified standard ceases to apply; 30  
or
  - “(f) the accounting period or interim accounting period in relation to which a specified standard was in force.
- “**34 Tiers of financial reporting for different classes of reporting entities and other entities** 35
- “(1) The purpose of **sections 34A to 34D** is to establish a system for tiers of financial reporting that impose different financial

reporting requirements in respect of different classes of relevant entities in order to ensure that the requirements that apply in respect of those entities are appropriate.

- “(2) In this section and in **sections 34A and 34B**, **relevant entities**— 5
- “(a) means reporting entities, groups, the Crown, departments, offices of Parliament, Crown entities, and local authorities; and
- “(b) includes any other entities that are required by any Act to prepare financial statements in accordance with generally accepted accounting practice. 10
- “**34A Board must develop and implement strategy for tiers of financial reporting**
- “(1) The Board must, within ~~6 months~~ 9 months after the commencement of this section, prepare and submit to the Minister for approval, a draft strategy for establishing different tiers of financial reporting in respect of different classes of relevant entities. 15
- “(2) The Board must, after the strategy is approved by the Minister, take reasonable steps to implement the strategy. 20
- “**34B Process for preparing strategy for tiers of financial reporting**
- “(1) In preparing the draft strategy under **section 34A**, the Board must have regard to—
- “(a) the purpose referred to in **section 34(1)**; and 25
- “(b) the advantages and disadvantages of placing different classes of relevant entities within different tiers of financial reporting.
- “(2) The draft strategy under **section 34A** must—
- “(a) specify the qualifying criteria for each tier of financial reporting; and 30
- “(b) describe the financial reporting requirements that will apply for each tier of financial reporting; and
- “(c) specify the Board’s reasons (including why the strategy is appropriate); and 35
- “(d) include any other prescribed matters.

- “(3) The description under **subsection (2)(b)** may refer to—
- “(a) a set of standards (for example, International Financial Reporting Standards and International Public Sector Accounting Standards):
  - “(b) specific standards: 5
  - “(c) accounting policies, principles, concepts, or methods (for example, the principles of accrual accounting):
  - “(d) any combination of the matters in **paragraphs (a) to (c)**.
- “(4) The Board must, in preparing the draft strategy, consult the persons or organisations or representatives of persons or organisations who, in the opinion of the Board, would be affected by the strategy. 10
- “(5) Any failure to comply with **subsection (4)** does not affect the validity of the strategy. 15
- 34C Minister may approve strategy**
- “(1) The Minister may, after receiving the draft strategy from the Board under **section 34A** or **subsection (3)**, either approve or decline to approve the draft strategy.
- “(2) The Minister may decline to approve a draft strategy only if, in his or her opinion,— 20
- “(a) the Board has not had sufficient regard to the matters specified in **section 34B(1)**; or
  - “(b) the Board has not adequately consulted on the strategy under **section 34B(4)**; or 25
  - “(c) the draft strategy is inconsistent with the purposes of this Act.
- “(3) If the Minister declines to approve a draft strategy, he or she may give a direction to the Board to review the strategy and resubmit a draft strategy to the Minister for approval (and the Board must comply with that direction). 30
- “(4) The Minister’s direction under **subsection (3)** may specify the date by which a draft strategy must be resubmitted (which may be after the ~~6-month~~ 9-month period referred to in **section 34A**). 35

- “34D Board may vary or replace strategy for tiers of financial reporting**
- “(1) The Board may—
- “(a) vary a strategy that has been approved under **section 34C:** 5
- “(b) revoke a strategy that has been approved under **section 34C** and replace it with another.
- “(2) **Sections 34A(2), 34B, and 34C** apply with any necessary modifications for the purposes of **subsection (1)**.
- “(3) However, the Board is not required to comply with **section 34B(4)** in respect of a variation to the strategy if, in its opinion, the variation corrects a minor error or is otherwise of a minor nature.” 10
- 89 Privacy Act 1993**
- Section 42A is amended by inserting “or issued” after “approved”. 15
- 90 Regulations**
- (2) Section 42B(1)(a)(ii) is repealed.
- (2A) Section 42B(1) is amended by adding the following paragraphs: 20
- “(e) prescribing matters for the purposes of **section 34B(2)(d):**
- “(f) providing for any other matters contemplated by this Act, necessary for its administration, or necessary for giving it full effect.” 25
- ~~(3) Section 42B(2) is repealed and the following subsection substituted:~~
- ~~“(2) The amounts payable under regulations made under this section are recoverable by the Securities Commission or the Registrar of Companies (as the case may be) in any court of competent jurisdiction as a debt due to the Securities Commission or the Registrar of Companies.”~~ 30
- (3) Section 42B(2) is amended by omitting “or the Board” in each place where it appears.

**91 New sections 42C and 42D inserted**

The following sections are inserted after section 42B:

**“42C Levies**

“(1) Every person that is included in a prescribed class of specified persons must pay to the Crown, or a prescribed person on behalf of the Crown, a levy prescribed by regulations. 5

“(1A) In this section and **section 42D**, **specified persons** means—

“(a) chartered accountants who hold a certificate of public practice; and

“(b) licensed auditors; and 10

“(c) registered audit firms; and

“(d) the Auditor-General; and

“(e) issuers and other entities whose financial statements are required to be registered under this Act; and

“(f) every other person who is a member, fellow, or associate of an association of accountants specified in the regulations and that is in the business of offering accounting or auditing services to the public in New Zealand; and 15

“(g) public entities (within the meaning of the Public Audit Act 2001); and 20

“(h) every other person registered or incorporated, or who makes an application for registration or incorporation of a person, under any of the following Acts:

“(i) the Building Societies Act 1965:

“(ii) the Companies Act 1993: 25

“(iii) the Co-operative Companies Act 1996:

“(iv) the Friendly Societies and Credit Unions Act 1982:

“(v) the Industrial and Provident Societies Act 1908:

“(vi) the Limited Partnerships Act 2008. 30

“(2) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations providing for the levies.

“(3) The levies must be prescribed on the basis that the following costs should be met fully out of the levies: 35

“(a) a portion of the costs of the Board performing its functions and exercising its powers and duties under this Act, where the size of the portion to be met by levies under this Act is determined by the Minister; and

- “(b) the costs of collecting the levy money.
- “(4) The levies may be prescribed on the basis that any actual cost that could have been, but has not been, recovered as a levy shortfall for a year may be recovered (along with any financing charge) over any period of up to 5 years. 5
- “(5) The regulations may—
- “(a) specify the class or classes of specified persons that are required to pay a levy:
- “(b) provide for different levies for different classes of specified persons: 10
- “(c) specify the amount of levies, or method of calculating or ascertaining the amount of levies:
- “(d) include in levies, or provide for the inclusion in levies of, any shortfall in recovering the actual costs of exercising or performing the Board’s functions, powers, and duties under this Act: 15
- “(e) refund, or provide for refunds of, those levies:
- “(f) provide for the payment and collection of those levies:
- “(g) specify the financial year or part financial year to which those levies apply, and applying to that financial year or part financial year and each subsequent financial year until revoked or replaced: 20
- “(h) for the first financial year to which a levy applies, include in the levy amount or method costs incurred by the Board on or after 1 July 2010 in connection with preparing itself to exercise and perform, and exercising and performing, its functions, powers, and duties under this Act, irrespective of the fact that the regulations are made and come into effect after that year: 25
- “(i) require payment of a levy for a financial year or part financial year, irrespective of the fact that the regulations may be made after that financial year has commenced: 30
- “(j) exempt or provide for exemptions from, and providing for waivers of, the whole or any part of the levy for any case or class of cases. 35
- “(5A) If a person is in 2 or more classes of specified persons in respect of which different levies have been prescribed, the person must pay each of those levies (unless the regulations provide otherwise).

- “(6) The levies for a financial year that starts after the Board begins to carry out any additional function under this Act may cover the costs of performing that additional function, irrespective of the fact that the regulations may be made and come into effect after the start of the financial year. 5
- “(7) The amount of any unpaid levy is recoverable in any court of competent jurisdiction as a debt due to the Board, or to any other person prescribed for the purposes of this subsection, on behalf of the Crown.
- “(8) The Board, or any other person prescribed for the purposes of this subsection, must ensure that each levy payment is paid into a Crown Bank Account and is separately accounted for. 10
- “42D Board must consult about request for appropriation**
- “(1) The Board must, before submitting a request to the Minister seeking an appropriation of public money for the following year, or any change to an appropriation for the current year, that relates to costs that are intended to be recovered by way of levies under **section 42C**, consult about that request with— 15
- “(a) the persons or organisations that the Board considers are able to represent the views of those specified persons who are liable to pay a levy under that section; and 20
- “(b) any other representatives of persons whom the Board believes to be significantly affected by a levy.
- “(1A) Consultation under **subsection (1)** must include consultation relating to the portion of the costs of the Board that should be met by the levies. 25
- “(2) The Board must, at the time when the request is submitted, report to the Minister on the outcome of that consultation.
- “(3) This section applies to requests in respect of the financial year beginning on 1 July 2013 and later financial years. 30
- “(4) A failure to comply with this section does not affect the validity of any regulations made under **section 42C**.”

**92 Schedule 1 repealed**  
Schedule 1 is repealed.

**93 Amendments to other enactments**

The enactments specified in **Schedule 2** are amended in the manner indicated in that schedule.

**95 Financial reporting standards continue in effect**

- (1) Nothing in this Act affects the validity of a financial reporting standard that was approved, or of any other determination of the Accounting Standards Review Board made, before the commencement of this section. 5
- (2) Every approved financial reporting standard that is in effect immediately before the commencement of this section— 10
- (a) continues in effect as a financial reporting standard as if issued under **section 24** of the principal Act (as substituted by this Act); and
- (b) may be amended or revoked as if issued under that section. 15

**96 Consultation not required in respect of certain auditing and assurance standards**

The External Reporting Board is not required to carry out consultation in accordance with **section 26** of the principal Act in relation to an auditing and assurance standard that it intends to issue if the External Reporting Board is satisfied that the standard is the same, or substantially the same, as a standard relating to auditing or assurance that has, before the commencement of this section, been issued or approved by the New Zealand Institute of Chartered Accountants. 20 25

**97 Chairperson of Board continues in office but other members cease to hold office**

- (1) The person who is the chairperson of the Accounting Standards Review Board, immediately before the commencement of this section, must be treated as being a member and the chairperson of the External Reporting Board on that commencement (and the term of office of the person as a member and term of office of the person as chairperson remain the same). 30
- (2) Every person (other than the chairperson) who, immediately before the commencement of this section, is a member of the Accounting Standards Review Board, ceases to be a member 35

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on that commencement (and does not automatically become a member of the External Reporting Board).

- (3) **Subsection (2)** does not prevent a person to whom that subsection applies from being appointed a member of the External Reporting Board in accordance with ~~this Act~~ the principal Act 5 and the Crown Entities Act 2004.

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**Schedule 2****s 93****Amendments to other enactments relating  
to amendments to Financial Reporting  
Act 1993****Part 1**

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**Amendments to Acts****Broadcasting Act 1989 (1989 No 25)**

Definition of **approved financial reporting standard** in section 2(1): repeal.

Definition of **total revenue** in section 2(1): omit “approved” and substitute “issued”. 10

**Crown Entities Act 2004 (2004 No 115)**

Definition of **generally accepted accounting practice** in section 136(1): omit “approved” in each place where it appears.

Item relating to the Accounting Standards Review Board in Part 3 of Schedule 1: repeal. 15

Part 3 of Schedule 1: insert in its appropriate alphabetical order:

Name	Exemption from acquisition of securities, borrowing, guarantee, and derivative rules	Exemption from section 165 (net surplus payable to Crown)
	s 161    s 162    s 163    s 164	

External Reporting Board

**Financial Reporting Amendment Act 2006 (2006 No 64)**

Sections 13 to 17: repeal.

**Gambling Act 2003 (2003 No 51)**

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Definition of **approved financial reporting standard** in section 108(2): omit “approved”.

Definition of **generally accepted accounting practice** in section 108(2): omit “approved” in each place where it appears.

Part 1—*continued***Government Superannuation Fund Act 1956 (1956 No 47)**

Section 15K(3)(b): omit “approved”.

**Income Tax Act 2007 (2007 No 97)**

Definition of **new reporting standard** in section DB 35: omit “by the Accounting Standards Review Board” and substitute “or issued under the Financial Reporting Act 1993”. 5

Section EB 6(3): omit “by the Accounting Standards Review Board” and substitute “or issued under the Financial Reporting Act 1993”.

Section EX 21C(6): omit “by the Accounting Standards Review Board” and substitute “or issued”. 10

Definition of **IFRS** in section YA 1: omit “by the Accounting Standards Review Board” and substitute “or issued under the Financial Reporting Act 1993”.

Definition of **NZIAS 2** in section YA 1: omit “by the Accounting Standards Review Board” and substitute “or issued under the Financial Reporting Act 1993”. 15

Definition of **NZIAS 8** in section YA 1: omit “by the Accounting Standards Review Board” and substitute “or issued under the Financial Reporting Act 1993”.

Definition of **NZIAS 17** in section YA 1: omit “by the Accounting Standards Review Board” and substitute “or issued under the Financial Reporting Act 1993”. 20

Definition of **NZIAS 23** in section YA 1: omit “by the Accounting Standards Review Board” and substitute “or issued under the Financial Reporting Act 1993”. 25

Definition of **NZIAS 32** in section YA 1: omit “by the Accounting Standards Review Board” and substitute “or issued under the Financial Reporting Act 1993”.

Definition of **NZIAS 39** in section YA 1: omit “by the Accounting Standards Review Board” and substitute “or issued under the Financial Reporting Act 1993”. 30

**Local Government Act 2002 (2002 No 84)**

Definition of **generally accepted accounting practice** in section 5(1): omit “approved” in each place where it appears.

Part 1—*continued***New Zealand Superannuation and Retirement Income Act 2001 (2001 No 84)**

Definition of **subsidiary** in section 5(1): omit “approved”.

Section 59(3)(b): omit “approved”.

**Official Information Act 1982 (1982 No 156)**

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Schedule 1: omit “Accounting Standards Review Board”.

Schedule 1: insert in its appropriate alphabetical order “External Reporting Board”.

**Ombudsmen Act 1975 (1975 No 9)**

Part 2 of Schedule 1: omit “Accounting Standards Review Board”.

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Part 2 of Schedule 1: insert in its appropriate alphabetical order “External Reporting Board”.

**Public Audit Act 2001 (2001 No 10)**

Definition of **approved financial reporting standard** in section 4: repeal.

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Section 4: insert in their appropriate alphabetical order:

“**auditing and assurance standard** has the same meaning as in section 2(1) of the Financial Reporting Act 1993

“**financial reporting standard** has the same meaning as in section 2(1) of the Financial Reporting Act 1993

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“**issuer** has the same meaning as in section 4 of the Financial Reporting Act 1993”.

Definition of **subsidiary** in section 4: omit “approved”.

Section 5(2)(b): omit “approved”.

Section 15: add:

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“(3) In the case of an audit of an issuer carried out under this Act, the Auditor-General must (at a minimum) comply with the auditing and assurance standards that apply to the audit.”

Section 23: add:

“(5) A report under subsection (1) and an annual report prepared under section 37 are not required to include information about auditing and assurance standards.”

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Part 1—*continued***Public Finance Act 1989 (1989 No 44)**

Definition of **generally accepted accounting practice** in section 2(1): omit “approved” in each place where it appears.

**Remuneration Authority Act 1977 (1977 No 110)**

Item relating to Accounting Standards Review Board in Schedule 4: 5  
repeal.

Schedule 4: insert after the item relating to the Employment Relations Authority: “The members of the External Reporting Board”.

**Sale of Liquor Act 1989 (1989 No 63)**

Definition of **generally accepted accounting practice** in section 2: 10  
omit “approved” in each place where it appears.

**Securities Act 1978 (1978 No 103)**

Section 70AA(1)(b): omit “approved”.

Definition of **approved financial reporting standard** in section 70AA(4): repeal. 15

Section 70AA(4): insert in its appropriate alphabetical order:

“**financial reporting standard** has the same meaning as in section 2(1) of the Financial Reporting Act 1993”.

Definition of **material incorporated by reference** in section 70AA(4): omit “approved”. 20

Section 70AAC(2): omit “an approved” and substitute “a”.

## Part 2

## Amendments to regulations

**Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 (SR 1999/242)** 25

Definition of **applicable financial reporting standard** in regulation 2(1): revoke and substitute:

“**applicable financial reporting standard** in relation to an airport company and to an accounting period of an airport company, means a financial reporting standard (within the 30  
meaning of the Financial Reporting Act 1993) that applies to

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**Financial Reporting Amendment Bill**

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Part 2—*continued*

**Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 (SR 1999/242)—*continued***

the airport company and the accounting period in accordance with the financial reporting standard, a determination of the External Reporting Board for the time being in force, or any election made under **section 28(4)** of that Act”.

Regulation 17(4): omit “Accounting Standards Review” and substitute “External Reporting”. 5

**Financial Service Providers (Dispute Resolution—Reserve Scheme) Rules 2010 (SR 2010/250)**

Definition of generally accepted accounting practice in rule 3: omit “approved”. 10

**Securities Regulations 2009 (SR 2009/230)**

Regulation 4(6): insert “issued or” after “financial reporting standard”.

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**Legislative history**

3 May 2011

Divided from Auditor Regulation and External Reporting Bill (Bill 214–2) by committee of the whole House as Bill 214–3B

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