

# **Financial Reporting Bill**

Government Bill

As reported from the Commerce Committee

## **Commentary**

### **Recommendation**

The Commerce Committee has examined the Financial Reporting Bill and recommends that it be passed with the amendments shown.

### **Introduction**

The Financial Reporting Bill is intended to replace the Financial Reporting Act 1993, and seeks to amend about 80 other Acts, with substantial amendments to the Building Societies Act 1965, Charities Act 2005, Companies Act 1993, Friendly Societies and Credit Unions Act 1982, Gambling Act 2003, Income Tax Act 2007, Industrial and Provident Societies Act 1908, Limited Partnerships Act 2008, Partnership Act 1908, Retirement Villages Act 2003, and Te Ture Whenua Māori Act 1993.

The intention of the bill is to rationalise financial reporting obligations by

- aligning such obligations with the goal of financial reporting, which is to provide information to external users who need an entity's financial statements but cannot demand them
- standardising the interface between the Financial Reporting Act and other Acts by setting out core definitions and pro-

visions with broad application to reporting entities in a new Financial Reporting Act

- making the language of financial reporting consistent in all the pertinent Acts.

Our commentary covers the key amendments that we recommend to the bill. It does not cover minor or technical amendments proposed to improve workability, clarity, and legal efficacy.

### **Supplementary Order Paper 93**

Supplementary Order Paper 93 was intended to take into account changes made by the Financial Markets Conduct Bill, but the bill has not yet been passed. We recommend that the changes recommended on this Supplementary Order Paper be incorporated at a later stage.

### **Registered charities and other not-for-profit entities**

We recommend amending clause 45 to increase the threshold at which a not-for-profit entity must prepare financial statements on an accrual rather than cash basis from \$40,000 to \$125,000. We believe that \$40,000 is too low, as many smaller charities above this threshold do not have the capacity to prepare accrual-based financial statements.

As the threshold in clause 45 might not be reviewed for up to 8 years before being increased in accordance with movements in the Consumers Price Index, we believe that \$125,000 is an appropriate figure. Changing the amount from \$40,000 to \$125,000 of total operating payments would increase the percentage of registered charities eligible for cash reporting from about 55% to 75%.

We also recommend inserting new clause 77A (amending section 46 of the Charities Act) to require the terms and conditions of financial reporting for charitable organisations in relation to each group registration to take into account the needs of the users of financial statements and the purpose of the Charities Act. We believe that this change would make it clear that the financial reporting conditions for the entities covered by group registrations should fit the information needs of those who would use the relevant financial statements.

### **Provisions from the Financial Reporting Act 1993**

We recommend inserting new subsections (2) to (4) into clause 44, which defines “large” entities. The subsections would restore an exemption from the Financial Reporting Act that was omitted from the bill as introduced. The provision (originally section 10A of the Financial Reporting Act) would exempt inactive companies from the requirement to prepare financial statements. The amendment to clause 44 would define an inactive entity as “not large”, and therefore not automatically required to prepare financial statements.

We also recommend amending clause 86 (to insert new sections 207JA–JD into the Companies Act), which would restore a power to grant exemptions (originally section 35B of the Financial Reporting Act). The new provisions would empower the Registrar of Companies to grant exemptions to overseas companies that are not “FMC reporting entities” (to be defined under the Financial Markets Conduct Bill, yet to be enacted), subject to any conditions the Registrar may consider appropriate. We believe these changes would help the Registrar to address situations where compliance with New Zealand law was unduly onerous for an overseas company.

### **Reporting deadlines**

We recommend amending the bill throughout to remove references to intermediate deadlines for preparation and lodgement or registration of financial statements, setting instead a single deadline. We believe this would allow reporting entities more flexibility to allocate time between preparation, audit, and lodgement of statements.

At present, the reporting deadlines across the statute base are varied and inconsistent. The bill as introduced proposes to bring forward the deadline for issuers and other FMC reporting entities to lodge audited financial statements from 6 to 4 months after balance date. We are aware of concern from submitters about reducing the time allowed, but believe that timely reporting makes the financial reports more useful. If entities were to face demonstrable practical difficulties with meeting the four-month deadline, the Financial Markets Authority could make exemptions under clause 528 of the Financial Markets Conduct Bill, once it is enacted.

We also recommend, for entities that are not FMC reporting entities, amending clause 86 (inserting sections 201 and 202 into the Com-

panies Act) to require companies that are not FMC reporting entities to discharge their obligations to prepare financial statements within 5 months of balance date, rather than the 3 months required under the bill as introduced. We believe that this is sufficient time for such entities to meet reporting obligations. We recommend a further amendment to this clause (amending new section 207E of the Companies Act) to provide a similar change for overseas companies and other companies with significant overseas ownership.

We recommend reversing most other proposed changes to deadlines in Part 4 and Schedules 1 and 2 of the bill, restoring the deadlines that currently appear in the applicable Acts, or replacing with 5 months existing deadlines that are too short, too long, or unspecified.

### **Meaning of large and specified not-for-profit entity**

We recommend, on the advice of the Regulations Review Committee, amending clauses 43 and 47, to make it clear that the Minister's discretion to recommend changes to the dollar amounts included in the meaning of "large" and "specified not-for-profit" entity relates to changes in the Consumers Price Index.

### **Financial statements for New Zealand business of overseas companies and groups**

We recommend amending clause 86 (inserting section 204 into the Companies Act) to limit the requirement for an overseas company or group to prepare financial statements for its New Zealand business. We believe the requirement should apply only if the New Zealand business is large (according to the test in clause 44).

### **Audit exemption for large entities lodging group statements**

We recommend amending clause 86 (inserting new section 206(2) into the Companies Act) to exempt a large company from being automatically subject to an audit requirement if it is a wholly-owned subsidiary of a company that has complied with a requirement to lodge or register group financial statements with the Registrar of Companies. This would remove the audit requirement for subsidiaries whose financial performance, financial position, and cash flows had been

incorporated into consolidated financial statements that had already been lodged.

### **Shareholders requesting copies of financial statements**

We recommend amending clause 86 to insert new section 207EA into the Companies Act, which would give shareholders of companies that are not reporting entities the right to obtain any financial statements prepared for tax purposes. We believe that this would protect the interests of minority shareholders, particularly those who do not participate in the management of the company.

### **Members of friendly societies voting not to prepare statements**

We recommend amending clause 106 (inserting new section 64 into the Friendly Societies and Credit Unions Act) to require a vote to not prepare financial statements for a registered friendly society or branch to be made by a majority of its members, rather than a majority of the members participating in a vote. We consider that otherwise there is a risk that an opt-out motion could be agreed to at a poorly attended meeting, contrary to the wishes of the majority.

### **Allowing limited partnerships to opt in**

We recommend amending clause 145 (inserting new section 75EA into the Limited Partnerships Act) to allow the partners of limited partnerships that are not large to choose to prepare and distribute financial statements and undertake an audit. The bill as introduced does not provide this option.

### **Accounting records**

We recommend amending clauses 148 and 153 to insert requirements for large partnerships and operators of retirement villages to keep proper accounting records.

## **Appendix**

### **Committee process**

The Financial Reporting Bill was referred to the committee on 28 November 2012. The closing date for submissions was 18 January 2013. We received and considered 44 submissions from interested groups and individuals. We heard 16 submissions.

We received advice from the Ministry of Business, Innovation and Employment and the Inland Revenue Department. The Regulations Review Committee reported to the committee on the powers contained in clauses 16 and 48.

### **Committee membership**

Jonathan Young (Chairperson)

Kanwaljit Singh Bakshi

Dr David Clark

Hon Clayton Cosgrove

Clare Curran

Peseta Sam Lotu-Iiga

Mojo Mathers

Mark Mitchell

Dr Jian Yang

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**Key to symbols used in reprinted bill**

**As reported from a select committee**

text inserted unanimously

~~text deleted unanimously~~

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*Hon Craig Foss*

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

**1 Title**

This Act is the Financial Reporting Act **2012**.

**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 is not previously brought into force under **subsection (1)**, the rest of this Act comes into force on 1 April 2015. 5

## Part 1 Preliminary provisions

### 3 Purpose

The purpose of this Act is to—

- (a) continue the External Reporting Board and define its functions and powers; and 10
- (b) provide for the issue of financial reporting standards and auditing and assurance standards; and
- (c) provide for auditor qualifications and other standard provisions relating to financial reporting duties under other enactments. 15

### 4 Overview of financial reporting duties

- (1) This Act provides for various matters relating to financial reporting duties under other enactments, including—
- (a) defining key concepts (for example, generally accepted accounting practice, financial statements, and group financial statements); and 20
- (b) providing for the Board to prepare and issue financial reporting standards and auditing and assurance standards; and 25
- (c) providing standard provisions for auditor qualifications, access to information by auditors, and balance dates.
- (2) Other enactments (for example, the Companies Act 1993) specify various financial reporting duties that apply to different kinds of entities, including requirements to— 30
- (a) keep accounting records; and
- (b) prepare financial statements or group financial statements in accordance with generally accepted accounting practice or non-GAAP standards; and
- (c) have those statements audited; and 35

- (d) register or lodge those statements or otherwise distribute those statements to interested persons (for example, shareholders or members).
- (3) This section is only a guide to the general scheme and effect of this Act and other enactments in relation to financial reporting duties. 5

## 5 Interpretation

- (1) In this Act, unless the context otherwise requires,—
- accounting period**, in relation to a reporting entity,—
- (a) means a year ending on a balance date of the entity, and if, as a result of the date of the formation or incorporation of the entity or a change of the balance date of the entity, the period ending on that date is longer or shorter than a year, that longer or shorter period is an accounting period; and 10 15
- (b) includes, in the case of an entity that is formed or incorporated under an Act that specifies, refers to, or defines a financial year for the entity, that financial year
- applicable auditing and assurance standard**, in relation to an audit, means an auditing and assurance standard that applies to the audit in accordance with the standard 20
- applicable financial reporting standard**, in relation to a reporting entity 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 and to the accounting period or the interim accounting period in accordance with the financial reporting standard 25
- auditing and assurance standard** means an auditing and assurance standard issued by the Board under **section 11**; and includes an amendment to an auditing and assurance standard that is issued by the Board 30
- authoritative notice** means a notice issued under **section 11(c)**; and includes an amendment to an authoritative notice that is issued by the Board
- balance date**— 35
- (a) has the meaning given to it by **section 40**; and

- (ab) in relation to a charitable entity (within the meaning of the Charities Act 2005), means a balance date under section 41(3) to (7) of that Act; and
- (b) includes, in the case of an entity that is formed or incorporated under an Act that specifies, refers to, or defines a financial year for the entity, the last day of the financial year 5

**Board** means the External Reporting Board continued under **section 10**

**Commissioner of Inland Revenue** means the Commissioner of Inland Revenue appointed or deemed to have been appointed under the Tax Administration Act 1994; and includes any person for the time being authorised to exercise or perform any of the powers, duties, or functions of the Commissioner 10

**company** has the same meaning as in section 2(1) of the Companies Act 1993; and includes a company incorporated outside New Zealand that carries on business in New Zealand within the meaning of section 332 of the Companies Act 1993 15

**director** means,—

- (a) in relation to a company, a person occupying the position of a director of the company by whatever name called: 20
- (b) in relation to a partnership (other than a limited partnership), a partner:
- (c) in relation to a limited partnership, any general partner: 25
- (d) in relation to a charitable entity (within the meaning of the Charities Act 2005), an officer (within the meaning of that Act):
- (e) in relation to a body corporate or unincorporate, other than a company or a partnership or a limited partnership or a charitable entity, a person occupying a position in the body that is comparable with that of a director of a company: 30
- (f) in relation to any other person, that person

**entity** includes— 35

- (a) a company or any other body corporate:
- (b) a corporation sole:
- (c) a trust or an association of persons whether incorporated or not:

- (d) a society, a branch of a society, or a credit union registered or deemed to be registered under the Friendly Societies and Credit Unions Act 1982:
- (e) the Crown, a department, or an office of Parliament (within the meaning of those terms in section 2(1) of the Public Finance Act 1989) or an organisation named or described in Schedule 4 of that Act: 5
- (f) a Crown entity (within the meaning of section 7 of the Crown Entities Act 2004):
- (g) a local authority (within the meaning of section 5(1) of the Local Government Act 2002) 10

**financial reporting standard** means a financial reporting standard issued by the Board under **section 11**; and includes an amendment to a financial reporting standard that is issued by the Board 15

**financial statements** has the meaning given to it by **section 6**

**generally accepted accounting practice** has the meaning given to it by **section 8**

**group** means a group comprising a reporting entity and its subsidiaries 20

**group financial statements** has the meaning given to it by **section 7**

**interim accounting period**, in relation to a reporting entity, means a period ending on a date other than the balance date of the reporting entity 25

**large** has the meaning given to it by **section 44**

**licensed auditor** has the same meaning as in section 6(1) of the Auditor Regulation Act 2011

**Minister** means the Minister of the Crown who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of this Act 30

**non-GAAP standard** means a financial reporting standard that is stated in the standard to be a non-GAAP standard 35

**registered audit firm** has the same meaning as in section 6(1) of the Auditor Regulation Act 2011

**reporting entity** means an entity whose financial statements or, group financial statements, reports, or other information is are required by any enactment to comply, or be prepared in accordance, with generally accepted accounting practice or non-GAAP standards

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**specified non-profit not-for-profit entity** has the meaning given to it by **section 45**

**standard** means—

- (a) a financial reporting standard; or
- (b) an auditing and assurance standard

10

**subsidiary** means a subsidiary within the meaning of sections 5 to 8 of the Companies Act 1993; and includes any entity that is classified as a subsidiary in any applicable financial reporting standard.

- (2) An example used in this Act is only illustrative of the provisions to which it relates. It does not limit those provisions.
- (3) If an example and a provision to which it relates are inconsistent, the provision prevails.

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## 6 Meaning of financial statements

In this Act, **financial statements**, in relation to a reporting entity and a balance date,—

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- (a) means the statements for the entity as at the balance date, or in relation to the accounting period ending at the balance date, that are required to be prepared in respect of the entity by an applicable financial reporting standard or a non-GAAP standard; and
- (b) includes any notes giving information relating to those statements that are required by an applicable financial reporting standard or a non-GAAP standard.

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## 7 Meaning of group financial statements

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In this Act, **group financial statements**, in relation to a group and a balance date,—

- (a) means the statements for the group as at the balance date, or in relation to the accounting period ending at the balance date, that are required to be prepared in re-

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- spect of the group by an applicable financial reporting standard; and
- (b) includes any notes giving information relating to those statements that are required by an applicable financial reporting standard. 5
- 8 Meaning of generally accepted accounting practice**  
In this Act, financial statements, group financial statements, a report, or other information complies with **generally accepted accounting practice** only if the report, statements, or information comply with— 10
- (a) applicable financial reporting standards; and
- (b) in relation to matters for which no provision is made in applicable financial reporting standards, an authoritative notice.
- 9 Act binds the Crown** 15  
This Act binds the Crown.

## Part 2

### External Reporting Board, standards, and provisions that apply to other enactments

- Subpart 1—External Reporting Board 20
- 10 Continuation of External Reporting Board**
- (1) There continues to be an organisation called the External Reporting Board.
- (2) The External Reporting Board is a Crown entity for the purposes of section 7 of the Crown Entities Act 2004. 25
- (3) The Crown Entities Act 2004 applies to the External Reporting Board except to the extent that this Act expressly provides otherwise.
- (4) The External Reporting Board is the same body as the External Reporting Board continued under section 22 of the Financial Reporting Act 1993. 30  
Compare: 1993 No 106 s 22

## 11 Functions of Board

The Board has the following functions:

- (a) to prepare and, if it thinks fit, issue financial reporting standards for the purposes of any enactment that requires— 5
  - (i) financial statements or group financial statements to comply, or be prepared in accordance, with generally accepted accounting practice or non-GAAP standards; or
  - (ii) a statement, report, or other information to comply, or be prepared in accordance, with financial reporting standards: 10
- (b) to prepare and, if it thinks fit, issue auditing and assurance standards for—
  - (i) the purposes of the Auditor Regulation Act 2011 or any other enactment that requires a person to comply with those standards; or 15
  - (ii) the purposes of any rules or codes of ethics of an association of accountants where those rules or codes require the association's members to comply with those standards; or 20
  - (iii) any other purpose approved by the Minister by notice in writing to the Board:
- (c) to prepare and, if it thinks fit, issue authoritative notices for the purposes of the definition of generally accepted accounting practice: 25
- (d) to develop and implement strategies for the issue of standards in order to provide a framework for the Board's overall direction in the setting of standards (including implementing a strategy for tiers of financial reporting in accordance with **sections 28 to 32**): 30
- (e) to liaise with international or national organisations that perform functions that correspond with, or are similar to, those conferred on the Board:
- (f) to perform and exercise the functions, duties, and powers conferred or imposed on it by or under this Act and any other enactments. 35

Compare: 1993 No 106 s 24(1)

**12 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—

- (a) this Act; and
- (b) any other Act that expressly provides for the functions, duties, or powers of the Board (other than the Crown Entities Act 2004).

Compare: 1993 No 106 s 25

**13 Membership of Board**

(1) The Board consists of no fewer than 4 and no 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.

(3) **Subsection (2)** does not limit section 29 of the Crown Entities Act 2004.

(4) Members of the External Reporting Board are the board for the purposes of the Crown Entities Act 2004.

Compare: 1993 No 106 s 23

Subpart 2—Financial reporting standards  
and auditing and assurance standards

*Financial reporting standards*

**14 Financial reporting standards**

(1) Financial reporting standards may—

- (a) have general or specific application;
- (b) differ according to differences in time or circumstance.

(2) A financial reporting standard may be expressed to apply to all reporting entities or groups or to specified classes of reporting entities or groups.

- (3) A financial reporting standard may specify the accounting periods or interim accounting periods in relation to which the standard applies.  
Compare: 1993 No 106 s 27(1), (2)
- 15 Prospective, summary, or interim financial information** 5
- (1) A financial reporting standard may relate to prospective, summary, or interim financial information.
- (2) This section does not limit **section 14**.  
Compare: 1993 No 106 s 24(2)
- 16 Financial reporting standards may cover non-financial reporting** 10
- (1) A financial reporting standard may relate to reporting on—
- (a) an entity's ~~service~~ performance; or
  - (b) an entity's related party transactions; or
  - (c) any other non-financial matter that directly relates, or is incidental or ancillary, to an entity's financial reporting; or 15
  - (d) other non-financial matters authorised by an Order in Council made under **subsection (2)**.
- (2) The Governor-General may, on the recommendation of the Minister, by Order in Council,— 20
- (a) authorise the Board to issue financial reporting standards that relate to reporting on 1 or more of the following matters:
    - (i) an entity's governance: 25
    - (ii) an entity's strategic direction and targets:
    - (iii) the social, environmental, and economic context in which an entity operates:
    - (iv) any other matter relating to an entity's performance or position; and 30
  - (b) specify conditions to which the authorisation is subject.
- (3) The Minister may make a recommendation only if he or she is satisfied that it is desirable for standards referred to in **subsection (2)(a)** to be issued in order to provide for the integrated reporting of an entity's performance or position in terms of both financial and non-financial information. 35

- (4) This section does not limit **section 14**.

### **17 Non-GAAP standards**

- (1) A financial reporting standard may state that it is a non-GAAP standard.
- (2) A non-GAAP standard may be expressed to apply to an entity 5  
even if the financial statements of the entity are not required to comply with generally accepted accounting practice.
- (3) A non-GAAP standard must specify the provisions of the enactments in relation to which the standard applies.
- (4) This section does not limit **section 14**. 10

### **18 Financial reporting standards may classify entity as subsidiary**

- (1) A financial reporting standard may classify an entity (**A**) as a subsidiary of another entity (**B**) where A is, in effect, controlled by B so as to render A, in substance, a subsidiary of B. 15
- (2) A financial reporting standard may classify an entity as a subsidiary of another entity regardless of whether it is a subsidiary under, or taken to be controlled for the purposes of, section 5 of the Companies Act 1993.  
Compare: 1993 No 106 s 27(3) 20

### *Auditing and assurance standards*

### **19 Auditing and assurance standards**

- (1) Auditing and assurance standards may—  
(a) have general or specific application:  
(b) differ according to differences in time or circumstance. 25
- (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.  
Compare: 1993 No 106 s 29(1), (2) 30

*Provisions relating to making of and status of  
standards and authoritative notices*

**20 Interpretation in sections 21 to 25**

In **sections 21 to 25**,—

**amendment** means an amendment of a standard or an authoritative notice 5

**personal information** has the same meaning as in section 2(1) of the Privacy Act 1993

**Privacy Commissioner** has the same meaning as Commissioner in section 2(1) of the Privacy Act 1993 10

**revocation** means a revocation of a standard or an authoritative notice or of any amendment of a standard or an authoritative notice.

**21 Consultation**

(1) The Board must not issue a standard, an authoritative notice, an amendment, or a revocation unless the Board has taken reasonable steps to consult the persons or representatives of persons who, in the opinion of the Board, would be substantially affected by the issue of the standard, notice, amendment, or revocation. 15 20

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

(3) Any failure to comply with **subsection (1) or (2)** does not affect the validity of the standard, authoritative notice, amendment, or revocation. 25

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

Compare: 1993 No 106 s 26 30

**22 Disclosure required to comply with standards does not breach privacy principles**

(1) The disclosure of personal information is not a breach of principle 10 or 11 of the Privacy Act 1993 if the disclosure is required for compliance with a standard or an authoritative notice. 35

- (2) **Subsection (1)** does not apply to standards issued or approved before the commencement of the Financial Reporting Amendment Act 2001.

Compare: 1993 No 106 s 42A

- 23 Public notice** 5
- (1) The Board must give notice of—
- (a) the issue of a standard; and
  - (b) the issue of an authoritative notice; and
  - (c) the issue of an amendment or of a revocation.
- (2) A notice under this section— 10
- (a) must be given in the *Gazette*; and
  - (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 standard, authoritative notice, or amendment (as the case may be) but need not incorporate it in the notice: 15
  - (b) identify the standard revoked, authoritative notice revoked, or amendment revoked (as the case may be) but need not incorporate it in the notice. 20
- (4) The Board must—
- (a) publish standards and authoritative notices that are in effect on an Internet site maintained by or on behalf of the Board; and
  - (b) ensure that copies of standards and authoritative notices are available for purchase by members of the public. 25

Compare: 1993 No 106 s 31

**24 Disallowance of instruments by House of Representatives**

- (1) The following instruments are ~~regulations for the purposes of the Regulations (Disallowance) Act 1989~~ disallowable instruments for the purposes of the Legislation Act 2012: 30
- (a) any standard;
  - (b) any authoritative notice;
  - (c) any amendment or any revocation.
- (2) The instruments referred to in **subsection (1)** must be presented to the House of Representatives in accordance with ~~see-~~ 35

~~tion 4 of the Regulations (Disallowance) Act 1989 section 41 of the Legislation Act 2012.~~

- (3) The instruments referred to in **subsection (1)** are not ~~regulations for the purposes of the Acts and Regulations Publication Act 1989~~ legislative instruments for the purposes of the Legislation Act 2012. 5

Compare: 1993 No 106 s 32

## 25 Certificates of Board

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: 10

- (a) the issuing of a standard, an authoritative notice, an amendment, or a revocation; or
- (b) the accounting period or interim accounting period in relation to which a standard or an authoritative notice— 15
  - (i) commences to apply; or
  - (ii) ceases to apply; or
  - (iii) is in force.

Compare: 1993 No 106 s 33 20

### *Miscellaneous matters relating to application*

## 26 When standards and authoritative notices take effect

- (1) A standard, an authoritative notice, an amendment, or a revocation takes effect on the 28th day after the date of the notification of the standard, notice, amendment, or revocation in the *Gazette*. 25
- (2) However, a standard, an authoritative notice, or an amendment must, in respect of a particular reporting entity, be treated as taking effect on the notification of the standard, notice, or amendment in the *Gazette* if— 30
- (a) the Board is satisfied that it is desirable to allow this subsection to apply, because bringing the standard, notice, or amendment into effect earlier than is provided for in **subsection (1)** is necessary or desirable in order for 1 or more entities, or relevant persons in respect of those entities, to comply with the financial reporting, 35

- accounting, auditing, or assurance standards issued or adopted by an international organisation (for example, the International Accounting Standards Board); and
- (b) the notice under **section 23** states that this subsection applies; and 5
- (c) the relevant persons elect in writing that this subsection should apply in respect of the standard, notice, or amendment.
- (3) In **subsection (2)**, **relevant persons** means— 10
- (a) the directors of the reporting entity: 10
- (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: 15
- (c) in the case of a department, an office of Parliament, or a local authority, the chief executive: 15
- (d) in the case of a Crown entity, the chairperson and the chief executive or, if no chairperson exists, the chief executive. 15
- Compare: 1993 No 106 ss 28(1), (2), 29(3), 30(2) 20
- 27 Accounting period to which standards and authoritative notices apply**
- (1) A standard, an authoritative notice, an amendment, or a revocation commences to apply in relation to the accounting periods or interim accounting periods that the Board specifies in the standard, notice, amendment, or revocation. 25
- (2) Those periods—
- (a) may be accounting periods or interim accounting periods that have commenced or that commence before the date on which the standard, authoritative notice, amendment, or revocation takes effect; but 30
- (b) must not be accounting periods or interim accounting periods that have ended or that end before the standard, authoritative notice, amendment, or revocation takes effect. 35
- Compare: 1993 No 106 ss 28(3), 29(4), 30(3)

*Tiers of financial reporting***28 Tiers of financial reporting for different classes of reporting entities**

(1) The purpose of **sections 29 to 32** is to provide for a system of tiers of financial reporting that impose different financial reporting requirements in respect of different classes of reporting entities in order to ensure that the requirements that apply in respect of those entities are appropriate. 5

(2) In **sections 29 to 32**, **strategy** means—

- (a) the strategy for establishing different tiers of financial reporting approved under section 34C of the Financial Reporting Act 1993 as in force immediately before the commencement of this section (with any variations approved under **section 30**); or 10
- (b) a replacement of that strategy as approved under **section 30**. 15

Compare: 1993 No 106 s 34

**29 Board must implement strategy for tiers of financial reporting**

The Board must take reasonable steps to implement the strategy. 20

Compare: 1993 No 106 s 34A(2)

**30 Minister may approve variation or replacement of strategy**

(1) The Minister may, after receiving a proposal for the variation or replacement of the strategy prepared by the Board under **section 31**, either approve or decline to approve the variation or replacement. 25

(2) The Minister may decline to approve the variation or replacement only if, in his or her opinion,— 30

- (a) the Board has not had sufficient regard to the matters specified in **section 31(1)(a)**; or
- (b) the Board has not adequately consulted on the proposal under **section 32**.

Compare: 1993 No 106 s 34C(1), (2)

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### 31 Process for preparing proposals to vary or replace strategy

- (1) In preparing a proposal for the variation or replacement of the strategy, the Board must—
- (a) have regard to—
    - (i) the purpose referred to in **section 28**; and
    - (ii) the advantages and disadvantages of placing different classes of reporting entities within different tiers of financial reporting; and
  - (b) ensure that the strategy, after the variation or replacement takes effect,—
    - (i) specifies the qualifying criteria for each tier of financial reporting; and
    - (ii) describes the financial reporting requirements that will apply for each tier of financial reporting; and
    - (iii) includes any other prescribed matters.
- (2) The description under **subsection (1)(b)(ii)** may refer to—
- (a) a set of standards (for example, International Financial Reporting Standards and International Public Sector Accounting Standards):
  - (b) specific standards:
  - (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)**.
- (3) A proposal for the variation or replacement of the strategy must specify the Board's reasons (including why the variation or replacement is considered to be appropriate).
- Compare: 1993 No 106 s 34B(1)–(3)

### 32 Consultation on proposals

- (1) The Board must, in preparing a proposal for the variation or replacement of the strategy, take reasonable steps to consult the persons or representatives of persons who, in the opinion of the Board, would be substantially affected by the variation or replacement.
- (2) However, the Board is not required to comply with **subsection (1)** in respect of a variation to the strategy if, in its opin-

ion, the variation corrects a minor error or is otherwise of a minor nature.

- (3) Any failure to comply with **subsection (1)** does not affect the validity of the variation or replacement.

Compare: 1993 No 106 s 34B(4), (5)

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### Subpart 3—Standard provisions relating to auditor qualifications and access to information

#### **33 Purpose and application**

- (1) The purpose of this subpart is to provide for the following standard provisions to apply for the purposes of various enactments: 10

(a) provisions relating to who may be appointed or act as the auditor of an entity:

(b) provisions relating to access to information by an auditor. 15

- (2) This subpart applies to an entity (a **specified entity**) if an enactment requires or provides for a qualified auditor, as defined in **section 34**, to be appointed or to act as the auditor of the entity. 20

#### *Auditor qualifications*

#### **34 Meaning of qualified auditor**

A person is a **qualified auditor** in respect of a specified entity if the person is qualified to be appointed or to act as the auditor of the entity under **section 35**. 25

#### **35 Qualifications of auditor**

- (1) A person is not qualified to be appointed or to act as the auditor of a specified entity unless—

(a) the person is a chartered accountant (within the meaning of section 19 of the New Zealand Institute of Chartered Accountants Act 1996); or 30

(b) the person is a licensed auditor; or

- (c) the person is a member, a fellow, or an associate of an association of accountants constituted outside New Zealand and—
- (i) the association is, by notice in the *Gazette*, approved for the time being for the purposes of this section by the Registrar of Companies; and 5
  - (ii) the person is eligible to act as an auditor in the country, State, or territory in which the association is constituted; or
- (d) the person, not being a person to whom **paragraph (c)** applies, is— 10
- (i) eligible to act as an auditor in a country, State, or territory outside New Zealand; and
  - (ii) approved for the time being for the purposes of this section by the Registrar of Companies by notice in the *Gazette*. 15
- (2) However, if the specified entity is—
- (a) a person to whom **section 57** applies, a person is not a qualified auditor of the entity unless he or she is a licensed auditor: 20
  - (b) a public entity under the Public Audit Act 2001, the Auditor-General or any other person who may act as the auditor under that Act is the auditor of the entity (and is the only qualified auditor in respect of that entity).
- (3) **Subsection (2)(a)** is subject to **subsection (2)(b)**. 25
- (4) None of the following persons is qualified to be appointed or to act as the auditor of a specified entity:
- (a) a director or an employee of the specified entity:
  - (b) a person who is a partner, or in the employment, of a director or an employee of the specified entity: 30
  - (c) a liquidator or a person who is a receiver in respect of the property of the specified entity:
  - (d) a body corporate:
  - (e) a person who, by virtue of **paragraph (a) or (b)**, may not be appointed or act as auditor of a related body corporate (within the meaning of section 5B(2) of the Securities Markets Act 1988). 35
- (5) This section is subject to **section 36**.

**36 Appointment of partnership**

- (1) A partnership may be appointed by the firm name to be the auditor of a specified entity if,—
- (a) in the case of a specified entity that is a person to whom **section 57** applies, the partnership is a registered audit firm: 5
  - (b) in any other case, all or some of the partners are persons who are qualified to be appointed as auditors of the specified entity.
- (2) The appointment of a partnership by the firm name to be the auditor of a specified entity is deemed, despite **section 35**, to be the appointment of,—
- (a) in the case of a specified entity that is a person to whom **section 57** applies, all the partners in the firm, from time to time, who are licensed auditors: 15
  - (b) in any other case, all the partners in the firm from time to time.
- (3) If a partnership that includes persons who are not qualified to be appointed as auditors of a specified entity is appointed as auditor of a specified entity, the persons who are not qualified to be appointed as auditors must not act as auditors of the specified entity. 20

*Auditor access to information***37 Specified entity must give auditor access to information**

- (1) A specified entity must ensure that an auditor of the specified entity has access at all times to the accounting records and other documents of the specified entity. 25
- (2) If a specified entity fails to comply with **subsection (1)**, every director commits an offence and is liable on summary conviction to a fine not exceeding \$50,000. 30
- (3) It is a defence to a director charged with an offence in relation to the duty imposed under **subsection (1)** if the director proves that—
- (a) the specified entity took all reasonable and proper steps to ensure that the duty would be complied with; or 35
  - (b) he or she took all reasonable steps to ensure that the specified entity complied with the duty; or

- (c) in the circumstances, he or she could not reasonably have been expected to take steps to ensure that the specified entity complied with the duty.

Compare: 1993 No 105 s 206(1), (3)

**38 Auditor may require information and explanations from director or employee** 5

- (1) An auditor of a specified entity is entitled to require from a director or an employee of the specified entity the information and explanations that he or she thinks necessary for the performance of his or her duties as auditor. 10
- (2) A director or an employee who fails to comply with a requirement to provide information or an explanation under **subsection (1)** commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$50,000.
- (3) It is a defence to an employee charged with an offence against **subsection (2)** if he or she proves that— 15
- (a) he or she did not have the information required in his or her possession or under his or her control; or
- (b) by reason of the position occupied by him or her or the duties assigned to him or her, he or she was unable to 20 give the explanations required.

Compare: 1993 No 105 s 206(2), (4), (5)

Subpart 4—Standard provisions relating to  
balance dates

**39 Purpose and application** 25

- (1) The purpose of this subpart is to provide for the balance dates of entities for the purposes of various enactments.
- (2) This subpart applies to an entity (a **specified entity**) if an enactment defines its balance date by reference to **section 40**.

**40 Meaning of balance date** 30

- (1) The **balance date** of a specified entity is the close of— 30
- (a) 31 March; or
- (b) any other date that the directors of the entity adopt as the entity's balance date with the ~~prior~~ approval of the Commissioner of Inland Revenue. 35

- (2) However, if, immediately before the commencement of this section, a specified entity has a balance date other than 31 March (whether under the Financial Reporting Act 1993 or otherwise), the balance date of the entity continues to be that date (until the entity changes its balance date). 5
- 41 Entity must have balance date in each calendar year**
- (1) A specified entity must have a balance date in each calendar year.
- (2) However, a specified entity need not have a balance date in the calendar year in which it is formed or incorporated if its first balance date is in the following calendar year and is not later than 15 months after the date of its formation or incorporation. 10
- (3) If a specified entity changes its balance date, it need not have a balance date in a calendar year if— 15
- (a) the period between any 2 balance dates does not exceed 15 months; and
- (b) the Commissioner of Inland Revenue approves the change of balance date before it is made.
- 42 Approval of Commissioner of Inland Revenue and other provisions relating to change of balance date** 20
- (1) The Commissioner of Inland Revenue may approve a balance date, or a change of balance date, with or without conditions.
- (2) If a specified entity changes its balance date, the period between any 2 balance dates must not exceed 15 months.
- Subpart 5—Meaning of large and specified ~~non-profit~~ not-for-profit entity 25
- 43 Purpose**
- The purpose of this subpart is to—
- (a) define the terms large and specified ~~non-profit~~ not-for-profit entity for the purposes of various enactments that refer to **section 44 or 45**; and 30
- (b) provide for certain monetary amounts to be amended, from time to time, ~~having regard to~~ to take into account inflation.

**44 Meaning of large**

For the purposes of an enactment that refers to this section, an entity is **large** in respect of an accounting period if at least 1 of the following paragraphs applies:

- (a) as at the balance date of each of the 2 preceding accounting periods, the total assets of the entity and its subsidiaries (if any) exceed \$60 million: 5
- (b) in each of the 2 preceding accounting periods, the total revenue of the entity and its subsidiaries (if any) exceeds \$30 million. 10

**Example**

ABC Limited has an accounting period of 1 April 2014 to 31 March 2015.

The balance dates of the 2 preceding periods are 31 March 2013 and 31 March 2014. As at 31 March 2013, ABC Limited and its subsidiaries had total assets of \$50 million. As at 31 March 2014 those total assets were \$55 million. 15

During the period 1 April 2012 to 31 March 2013, ABC Limited and its subsidiaries had total revenue of \$25 million. During the period 1 April 2013 to 31 March 2014, that total revenue was \$35 million. Given that the \$30 million threshold in paragraph (b) is crossed in only 1 of those preceding periods, paragraph (b) is not satisfied. 20

ABC Limited is not a large company in relation to the accounting period of 1 April 2014 to 31 March 2015. 25

**44 Meaning of large**

(1) For the purposes of an enactment that refers to this section, an entity is **large** in respect of an accounting period if at least 1 of the following paragraphs applies:

- (a) as at the balance date of each of the 2 preceding accounting periods, the total assets of the entity and its subsidiaries (if any) exceed \$60 million: 30
- (b) in each of the 2 preceding accounting periods, the total revenue of the entity and its subsidiaries (if any) exceeds \$30 million. 35

**Example**

ABC Limited has an accounting period of 1 April 2014 to 31 March 2015.

**Example**—*continued*

The balance dates of the 2 preceding periods are 31 March 2013 and 31 March 2014. As at 31 March 2013, ABC Limited and its subsidiaries had total assets of \$50 million. As at 31 March 2014, those total assets were \$55 million.

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During the period 1 April 2012 to 31 March 2013, ABC Limited and its subsidiaries had total revenue of \$25 million. During the period 1 April 2013 to 31 March 2014, that total revenue was \$35 million. Given that the \$30 million threshold in paragraph (b) is crossed in only 1 of those preceding periods, paragraph (b) is not satisfied.

10

ABC Limited is not a large company in relation to the accounting period of 1 April 2014 to 31 March 2015.

(2) However, an entity is not large in respect of an accounting period if it was an inactive entity in respect of that period.

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(3) In **subsection (2)**, an entity is an **inactive entity** in respect of an accounting period if, during that period, the entity—

(a) has not derived, or been deemed to have derived, any income; and

(b) has no expenses; and

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(c) has not disposed of, or been deemed to have disposed of, any assets.

(4) In determining whether an entity is an inactive entity, no account may be taken of any—

(a) statutory company filing fees or associated accounting or other costs; or

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(b) bank charges or other minimal administration costs totalling not more than \$50 in the accounting period; or

(c) interest earned on any bank account during the accounting period, to the extent that the total interest does not exceed the total of any charges or costs incurred by the entity to which **paragraph (b)** applies.

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#### 45 **Meaning of specified non-profit not-for-profit entity**

For the purposes of an enactment that refers to this section, an entity is a **specified non-profit not-for-profit entity** in respect of an accounting period if, in each of the 2 preceding account-

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ing periods of the entity, the total operating payments of the entity are ~~\$40,000~~ \$125,000 or more.

**46 Financial reporting standards must be complied with**

The financial reporting standard or standards issued by the Board for the purposes of this subpart must be applied in determining whether **section 44(a) or (b) or 45** applies. 5

**46 Financial reporting standards must be complied with**

A financial reporting standard (or a part of a standard) that is expressed as applying for the purposes of **section 44(1)(a) or (b) or 45** must be applied in determining whether that provision applies (for example, the standard may define operating payments for the purposes of **section 45**). 10

**47 Minister must regularly review amounts to take into account inflation**

- (1) The Minister— 15
- (a) must review the monetary amounts specified in **sections 44 and 45** of this Act and **section 64(2)** of the Friendly Societies and Credit Unions Act 1982 for the purpose of determining whether or not to recommend that an adjustment be made to those amounts; ~~having regard to~~ in order to take into account any increase in the CPI during the period to which the review relates; and 20
- (b) may, after conducting a review, make a recommendation for the purposes of **section 48**. 25
- (2) The first review under this section must be completed on or before the date that is 5 ~~8~~ years after the date on which this section comes into force.
- (3) Subsequent reviews under this section must be completed on or before the date that is 8 years after the previous review was completed. 30
- (4) The Minister may, in making a recommendation, make any rounding adjustments that he or she thinks fit.
- (5) In this section, **CPI** means the Consumers Price Index (All Groups) published by Statistics New Zealand. 35

**48 Order may amend amounts**

The Governor-General may, by Order in Council, on the recommendation of the Minister, make regulations for all or any of the following purposes:

- (a) amending the amount specified in **section 44(1)(a)**: 5
- (b) amending the amount specified in **section 44(1)(b)**:
- (c) amending the amount specified in **section 45**:
- (d) amending the amount in **section 64(2)** of the Friendly Societies and Credit Unions Act 1982.

**Part 3**

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**Miscellaneous provisions**

## Subpart 1—Regulations and levies

**49 Regulations**

- (1) The Governor-General may, by Order in Council, make regulations for all or any of the following purposes: 15
  - (a) prescribing matters for the purposes of **section 31(1)(b)(iii)**:
  - (b) prescribing classes of persons for the purposes of **section 57(1)(b)(ii)** and dates, or a method by which dates are to be determined, for the purposes of **section 57(2)** (which relates to the continuing application of the Financial Reporting Act 1993 to issuers): 20
  - (c) providing for any other matters contemplated by this Act, necessary for its administration, or necessary for giving it full effect. 25
- (2) Regulations may, for the purposes of **section 57(2)**, prescribe different dates or methods for different classes of persons.

**50 Levies**

- (1) Every person that is included in a prescribed class of specified persons must pay to the Crown, or to a prescribed person who acts on behalf of the Crown, a levy prescribed by regulations made under **section 51**. 30
- (2) 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). 35

- (3) In this subpart, **specified persons** means—
- (a) chartered accountants who hold a certificate of public practice or persons who apply for those certificates; and
  - (b) licensed auditors; and
  - (c) registered audit firms; and 5
  - (d) every person who applies for a licence or registration under the Auditor Regulation Act 2011; and
  - (e) the Auditor-General; and
  - (f) entities whose financial statements or group financial statements are required to be registered or lodged under any enactment; and 10
  - (g) every person who is a member, a fellow, or an associate of an association of accountants that is specified in the regulations and that is in the business of offering accounting or auditing services to the public in New Zealand, or who applies to become such a member, fellow, or associate; and 15
  - (h) public entities (within the meaning of section 5(1) of the Public Audit Act 2001); and
  - (i) every other person that is registered or incorporated, or who makes an application for registration or incorporation of a person, under any of the following Acts: 20
    - (i) the Building Societies Act 1965:
    - (ii) the Companies Act 1993:
    - (iii) the Co-operative Companies Act 1996: 25
    - (iv) the Friendly Societies and Credit Unions Act 1982:
    - (v) the Industrial and Provident Societies Act 1908:
    - (vi) the Limited Partnerships Act 2008.
- Compare: 1993 No 106 s 42C(1), (2), (7) 30

## 51 Levy regulations

- (1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations providing for the levies referred to in **section 50**.
- (2) 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 duties and exercising its powers 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.
- (3) 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
- (4) The regulations may—
- (a) specify the class or classes of specified persons that are required to pay a levy: 10
- (b) provide for different levies for different classes of specified persons:
- (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 performing or exercising the Board's functions, duties, and powers under this Act or the Financial Reporting Act 1993: 15
- (e) refund, or provide for refunds of, those levies: 20
- (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 apply those levies to that financial year or part financial year and each subsequent financial year until revoked or replaced: 25
- (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 2012, in connection with preparing itself to perform and exercise, and performing and exercising, its functions, duties, and powers under this Act, irrespective of the fact that the regulations are made and come into effect after that year: 30
- (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: 35
- (j) exempt or provide for exemptions from, and provide for waivers of, the whole or any part of the levy for any case or class of cases.

- (5) 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  
Compare: 1993 No 106 s 42C(3)–(6), (8)
- 52 Payment of levies**
- (1) The person to whom the levy is payable must ensure that each levy payment is paid into a Crown Bank Account and is separately accounted for. 10
- (2) The amount of any unpaid levy is recoverable in any court of competent jurisdiction as a debt due to the Crown.  
Compare: 1993 No 106 s 42C(9), (10)
- Subpart 2—Repeal, revocations, and amendments to other Acts** 15
- 53 Repeal and revocations**
- (1) The Financial Reporting Act 1993 (1993 No 106) is repealed.
- (2) The Financial Reporting (Fees and Forms) Regulations 2007 (SR 2007/109) are revoked.
- (3) The Financial Reporting Order 1994 (SR 1994/134) is revoked. 20
- 54 Amendments to other Acts**  
Amend the enactments specified in **Schedule 1** as set out in that schedule.
- 55 Consequential amendments to other Acts** 25  
Amend the enactments specified in **Schedule 2** as set out in that schedule.
- 56 Transitional provision in relation to amendments**
- (1) The amendments made by **sections 54 and 55** apply in relation to accounting periods that commence on or after the commencement of this section. 30

- (2) The enactments specified in **Schedules 1 and 2**, as in force before the commencement of this section, continue to apply in relation to accounting periods that commenced before the commencement of this section.
- (3) **Subsections (1) and (2)** do not apply to the amendments to the Income Tax Act 2007 in **Schedule 2**. 5

### Subpart 3—Transitional provisions

#### 57 Financial Reporting Act 1993 continues to apply to issuers

- (1) This section—
- (a) applies to a person that would be an issuer within the meaning of sections 4 to 6 of the Financial Reporting Act 1993 if that Act had not been repealed by this Act (even if the person becomes such an issuer after the commencement of this section); but 10
- (b) does not apply to any of the following: 15
- (i) an operator referred to in section 4(1)(e) of that Act (unless the operator would otherwise be an issuer under that section):
- (ii) any other person of a prescribed class.
- (2) The directors of a person to whom this section applies (**A**) must, in respect of A, continue to comply with the Financial Reporting Act 1993 as if that Act had not been repealed by this Act in relation to every accounting period of A that ends before a date to be prescribed by, or determined in accordance with, regulations made for the purposes of this subsection. 20 25

#### Example

ABC Limited is an issuer under section 4(1)(a) of the Financial Reporting Act 1993 by virtue of an offer of securities to the public. The directors of ABC Limited must continue to prepare and register financial statements and group financial statements for ABC Limited and to have those statements audited in accordance with the Financial Reporting Act 1993. The duty ceases in respect of accounting periods that end after a prescribed date. After the prescribed date, the company may have financial reporting duties under financial markets legislation or the Companies Act 1993. 30 35

- (3) The Financial Reporting Act 1993 (including sections 36 to 42, which relate to offences) and the Financial Reporting (Fees

and Forms) Regulations 2007 continue to apply for the purposes of **subsection (2)** as if they had not been repealed or revoked by this Act.

- 58 Financial reporting standards and auditing and assurance standards continue in effect** 5
- Every financial reporting standard or auditing and assurance standard approved or issued under the Financial Reporting Act 1993 that is in effect immediately before the commencement of this section—
- (a) continues in effect as a financial reporting standard or an auditing and assurance standard (as the case may be) as if issued under **section 11**; and 10
  - (b) may be amended or revoked under **section 11**.
- 59 External Reporting Board may exercise power before commencement** 15
- (1) The External Reporting Board (as continued under section 22 of the Financial Reporting Act 1993) may, before the commencement of **subparts 1 and 2 of Part 2**, exercise a power under those subparts to issue a financial reporting standard, an authoritative notice, or an auditing and assurance standard. 20
  - (2) **Subsection (1)** applies as if **subparts 1 and 2 of Part 2** were in force when the power is exercised.
  - (3) This section does not limit section 11 of the Interpretation Act 1999.
- 60 Approvals for auditors continue in effect** 25
- An approval in effect, immediately before the commencement of this section, under section 199(1)(c) or (d) of the Companies Act 1993—
- (a) continues in effect as if given under **section 35(1)(c) or (d)** of this Act (as the case may be); and 30
  - (b) may be revoked by the Registrar of Companies by notice in the *Gazette*.

## Part 4 Amendments to other Acts

### Subpart 1—Amendments to Building Societies Act 1965

- 61 Principal Act** 5  
This subpart amends the Building Societies Act 1965 (the **principal Act**).
- 62 Section 2 amended (Interpretation)**
- (1) In section 2(1), replace the definition of **financial year** with:  
 “**financial year**, in relation to a society, means a year ending 10  
 on a balance date of the society (within the meaning of **sec-**  
**tion 40** of the Financial Reporting Act **2012**), and if, as a re-  
 sult of the date of the incorporation of the society or a change  
 of the balance date of the society, the period ending on that date  
 is longer or shorter than a year, that longer or shorter period is 15  
 a financial year”.
- (2) In section 2(1), repeal the definitions of **licensed auditor** and  
**registered audit firm**.
- (3) In section 2(1), insert in their appropriate alphabetical order:  
 “**applicable auditing and assurance standard** has the same 20  
 meaning as in **section 5** of the Financial Reporting Act **2012**  
 “**financial statements** has the same meaning as in **section 6**  
 of the Financial Reporting Act **2012**  
 “**generally accepted accounting practice** has the same mean-  
 ing as in **section 8** of the Financial Reporting Act **2012**”. 25
- 63 Sections 90 to 94 and cross-heading above section 90  
replaced**
- Replace sections 90 to 94 and the cross-heading above section  
 90 with:
- “Accounting records and financial reporting”* 30
- “90 Accounting records must be kept**
- “(1)** Every society must ensure that there are kept at all times ac-  
 counting records that—
- “(a)** correctly record the transactions of the society; and

- “(b) will enable the society to ensure that the financial statements of the society comply with generally accepted accounting practice; and
- “(c) will enable the financial statements of the society to be readily and properly audited. 5
- “(2) Every society must establish and maintain a satisfactory system of control of its accounting records.
- “(3) The accounting records must be kept—
- “(a) in written form in English; or
- “(b) in a form or manner in which they are easily accessible and convertible into written form in English. 10
- “91 Financial statements must be prepared**
- “(1) Every society must ensure that, within 3 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are— 15
- “(a) completed in relation to the society and that financial year; and
- “(b) dated and signed on behalf of the society by 2 directors of the society.
- “(2) The directors of every society must ensure that the financial statements of the society are laid before the society at the annual general meeting. 20
- “92 Half-yearly financial statements must be prepared**
- “(1) Every society must ensure that, within 3 months after the end of the first half of the financial year, financial statements that comply with generally accepted accounting practice are— 25
- “(a) completed in relation to the society and that first half of the financial year; and
- “(b) dated and signed on behalf of the society by 2 directors of the society. 30
- “(2) The financial statements referred to in **subsection (1)** must be—
- “(a) published in the manner, or distributed to the persons, that are prescribed; and
- “(b) audited by a qualified auditor.” 35

**64 Sections 95 to 97B replaced**

Replace sections 95 to 97B with:

**“95 Directors’ report**

- “(1) The directors must prepare for submission at the annual general meeting a report on the state of the affairs of the society. 5
- “(2) The directors’ report must be attached to the financial statements laid before that meeting.
- “(3) The directors of every society must ensure that every copy of the financial statements of the society referred to in **section 91** that is issued, circulated, or published has attached to it, or is accompanied by,— 10
- “(a) a copy of the directors’ report; and
- “(b) a copy of the auditor’s report on those statements.

**“96 Distribution of copies of financial statements and reports**

- “(1) The directors of every society must ensure that a copy of the financial statements to be laid before the society at the annual general meeting, a copy of the auditor’s report on those statements, and a copy of the directors’ report are, not less than 14 days before the date of the meeting,— 15
- “(a) sent to each member of the society; or 20
- “(b) published in major daily newspapers circulating generally in those parts of New Zealand where members reside.
- “(2) The directors of every society must ensure that a copy of the directors’ report is sent to the Registrar for registration within the time frame referred to in **subsection (1)**. 25
- “(3) **Subsection (1)(b)** is subject to the society’s rules and to any conditions or requirements that may be prescribed.

**“97 Depositors and members entitled to be supplied with copy of financial statements**

- “(1) Every depositor in or member of a society is entitled, on demand and without charge, to be supplied with copies of the last financial statements and reports of the society that are required to be laid before that society at the annual general meeting. 30

- “(2) The directors of the society must ensure that the depositor or member is sent copies of the financial statements and reports within 7 days after the demand is made.
- “(3) However, this section does not apply if the depositor in or member of the society— 5
- “(a) has previously been sent copies of the financial statements and reports; or
- “(b) has already demanded and received copies of the financial statements and reports under this section.
- “**97A Offences relating to half-yearly financial statements, directors’ report, and distribution of financial statements** 10
- “(1) If any of **sections 92, 95, 96, and 97** are not complied with, every director of the society commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$10,000.
- “(2) It is a defence to a director of a society charged with an offence 15 under this section in respect of a requirement referred to in **section 92, 95, 96, or 97** if the director proves that—
- “(a) the society took all reasonable and proper steps to ensure that the requirement would be complied with; or
- “(b) the director took all reasonable steps to ensure that the 20 requirement would be complied with; or
- “(c) in the circumstances, the director could not reasonably have been expected to take steps to ensure that the requirement would be complied with.”
- 65 Section 98 amended (Appointment of auditors)** 25  
Repeal section 98(2) and (2A).
- 66 Section 100 replaced (Disqualifications for appointment as auditor)**  
Replace section 100 with:
- “**100 Qualifications of auditors and access to information** 30
- “(1) No person is qualified for appointment as auditor of a society unless he or she is a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**).

- “(2) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a society).”
- 67 Section 101 amended (Auditors’ report, right of access to books, and right to attend meetings)** 5
- (1) In the heading to section 101, delete “, **right of access to books,**”.
- (2) In section 101(1), delete “on the accounts examined by them, and”.
- (3) Replace section 101(2) to (6) with: 10
- “(2) An auditor must, in carrying out an audit for the purposes of subsection (1) or **section 92**, comply with all applicable auditing and assurance standards.
- “(3) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards.” 15
- 68 Section 102 repealed (Accounts of groups in terminating society)**
- Repeal section 102.
- 69 Section 106 amended (Auditors’ report on annual return)**
- In section 106(3)(c), replace “books of account and records” 20 with “accounting and other records”.
- 70 Section 121B amended (Registration of documents)**
- In section 121B(1)(b), replace “section 97A(1)” with “**section 96(1)**”.
- 71 Section 130 amended (Form in which records may be kept)** 25
- In section 130(1) and (2), replace “book of account” with “accounting record”.
- 72 Section 137 amended (Regulations)**
- Repeal section 137(1)(aa) and (ac). 30

- 73 Consequential amendments to Building Societies Regulations 1989**
- (1) This section amends the Building Societies Regulations 1989.
  - (2) In the Part 2 heading, replace “**Financial statements and annual**” with “**Annual**”. 5
  - (3) Revoke regulations 17 to 38 and the cross-headings above regulations 17, 23, 25, and 38.
  - (4) Revoke Schedule 4.
- 74 Transitional provision**
- (1) The principal Act, as amended by this subpart, applies to a society in relation to financial years that commence on or after the commencement of this section. 10
  - (2) The principal Act and the Building Societies Regulations 1989, as in force before the commencement of this section, continues to apply to a society in relation to financial years that commenced before the commencement of this section as if this Act had not been enacted. 15
- Subpart 2—Amendments to Charities Act  
2005
- 75 Principal Act** 20  
This subpart amends the Charities Act 2005 (the **principal Act**).
- 76 Section 41 amended (Duty to prepare annual return)**
- Replace section 41(2) with:
- “(2) The annual return of a charitable entity must— 25
    - “(a) be in the form, contain the particulars, and comply with the directions as to the preparation of those returns that are prescribed by the chief executive under section 42; and
    - “(b) be accompanied by a copy of the financial statements of the charitable entity (or, in the case of **section 46(1A)(b)**, of each entity that forms part of the single entity) for the most recently completed accounting period.” 30

**77 New sections 42A and 42B inserted**

After section 42, insert:

**“42A Content of financial statements**

- “(1) The financial statements referred to in **section 41(2)(b)** must be prepared in accordance with,— 5
- “(a) in the case of financial statements of a specified ~~non-profit~~ not-for-profit entity, generally accepted accounting practice; or
- “(b) in any other case, either generally accepted accounting practice or a non-GAAP standard that applies for the purposes of this section. 10
- “(2) In this section and sections 41 and **42B**,—
- “(a) **specified ~~non-profit~~ not-for-profit entity** has the meaning set out in **section 45** of the Financial Reporting Act **2012**: 15
- “(b) **accounting period, applicable financial reporting standard, financial statements, generally accepted accounting practice, and non-GAAP standard** have the same meanings as in **section 5** of the Financial Reporting Act **2012**. 20

**“42B Offence to knowingly fail to comply with standards**

A charitable entity and every officer of the charitable entity commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$50,000 if—

- “(a) the financial statements of the charitable entity referred to in **section 41(2)(b)** fail to comply with an applicable financial reporting standard or a non-GAAP standard (as the case may be); and 25
- “(b) the charitable entity or officer (as the case may be) knows, at the time that the financial statements accompany the annual return when it is sent or delivered under section 41, that the financial statements fail to so comply.” 30

**77A Section 46 amended (Board or chief executive may treat parent entity and 1 or more other entities as forming part of single entity on certain terms and conditions)** 35

- (1) After section 46(1), insert:

- “(1A) If the duty under section 41 (duty to prepare annual return) is to be complied with by the parent entity in relation to the single entity, the terms and conditions under subsection (1) may provide that the financial statements that must accompany an annual return that is sent or delivered by the parent entity are prepared— 5
- “(a) on a consolidated basis in respect of the single entity; or  
“(b) separately in respect of each entity that forms part of the single entity.
- “(1B) The Board or the chief executive must, in deciding whether subsection (1A)(a) or (b) applies, take into account— 10
- “(a) the needs of users of the financial statements; and  
“(b) the purpose of this Act set out in section 3.”
- (2) In section 46(4)(b), after “that section”, insert “(but see subsection (1A))”. 15

### 78 Transitional provision

- (1) The principal Act, as amended by this subpart, applies to a charitable entity in relation to accounting periods that commence on or after the commencement of this section.
- (2) The principal Act, as in force before the commencement of this section, continues to apply to a charitable entity in relation to accounting periods that commenced before the commencement of this section as if this Act had not been enacted. 20

## Subpart 3—Amendments to Companies Act 1993

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### 79 Principal Act

This subpart amends the Companies Act 1993 (the **principal Act**).

### 80 Section 2 amended (Interpretation)

- (1) In section 2(1), replace the definition of **balance date** with: 30
- “**balance date**, in relation to a company or an overseas company, has the same meaning as in **section 40** of the Financial Reporting Act **2012**”.
- (2) In section 2(1), repeal the definition of **exempt company**.

- (3) In section 2(1), replace the definition of **financial statements** with:  
 “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**”.
- (4) In section 2(1), replace the definition of **group financial statements** with: 5  
 “**group financial statements** has the same meaning as in **section 7** of the Financial Reporting Act **2012**”.
- (5) In section 2(1), repeal the definition of **group of companies**.
- (6) In section 2(1), insert in their appropriate alphabetical order: 10  
 “**applicable auditing and assurance standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**  
 “**applicable financial reporting standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**  
 “**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.
- (7) After section 2(5), insert: 15  
 “(6) An example used in this Act is only illustrative of the provisions to which it relates. It does not limit those provisions.  
 “(7) If an example and a provision to which it relates are inconsistent, the provision prevails.” 20

#### **81 Section 4 amended (Meaning of solvency test)**

- (1) Replace section 4(2)(a)(i) with:  
 “(i) the most recent financial statements of the company that are prepared under this Act or any other enactment (if any); and 25  
 “(ia) the accounting records of the company; and”.
- (2) Replace section 4(3)(a)(i) with:  
 “(i) the most recent financial statements of each amalgamating company that are prepared under this Act or any other enactment (if any); and 30  
 “(ia) the accounting records of the amalgamating company; and”.

- 82 Section 80 amended (Financial assistance not exceeding 5% of shareholders' funds)**
- (1) In section 80(1)(a), replace “most recent financial statements of the company that comply with section 10 of the Financial Reporting Act 1993” with “relevant statements or records”. 5
- (2) After section 80(1), insert:
- “(1A) In subsection (1), **relevant statements or records** means—
- “(a) financial statements of the company prepared for the most recently completed accounting period in accordance with generally accepted accounting practice; or 10
- “(b) if those financial statements have not been prepared, the accounting records of the company.”
- 83 Section 120 amended (Annual meeting of shareholders)**
- Replace section 120(1) to (3) with:
- “(1) The board of a company must call an annual meeting of shareholders to be held— 15
- “(a) not later than 6 months after the balance date of the company; and
- “(b) not later than 15 months after the previous annual meeting. 20
- “(2) However, a company does not have to hold its first annual meeting in the calendar year of its registration but must hold that meeting within 18 months after its registration.”
- 84 Section 122 amended (Resolution in lieu of meeting)**
- Replace section 122(3)(a) with: 25
- “(a) in the case of a resolution under **section 207H or 207I**, the shareholders who together hold not less than 95% of the votes entitled to be cast on the resolution.”
- 85 Section 189 amended (Company records)**
- Replace section 189(1)(h) with: 30
- “(h) copies of all financial statements and group financial statements required to be completed by this Act or any other enactment for the last 7 completed accounting periods of the company.”

**86 Part 11 replaced**

Replace Part 11 with:

**“Part 11****“Accounting records and financial reporting**

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**“Subpart 1—Accounting records****“194 Accounting records must be kept**

“(1) The board of a company must ensure that there are kept at all times accounting records that—

“(a) correctly record the transactions of the company; and 10

“(b) will enable the company to ensure that the financial statements or group financial statements of the company comply with generally accepted accounting practice (if the company is required to prepare such statements under this Act or any other enactment); and 15

“(c) will enable the financial statements or group financial statements of the company to be readily and properly audited (if those statements are required to be audited).

“(2) The board of a company must establish and maintain a satisfactory system of control of its accounting records. 20

“(3) The accounting records must be kept—

“(a) in written form in English; or

“(b) in a form or manner in which they are easily accessible and convertible into written form in English.

“(4) If the board of a company fails to comply with the requirements of this section, every director of the company commits an offence and is liable on conviction to the penalty set out in **section 374(3)**. 25

**“195 Place accounting records to be kept**

“(1) A company need not keep its accounting records in New Zealand. 30

“(2) If the records are not kept in New Zealand,—

“(a) the company must ensure that accounts and returns for the operations of the company that satisfy the following requirements are sent to, and kept at, a place in New Zealand: 35

- “(i) the accounts and returns must enable the preparation of the company’s financial statements or group financial statements required by this Act or any other enactment; and
- “(ii) the accounts and returns must enable the preparation of any other document required by this Act; and 5
- “(b) notice of the place where the accounting records and the accounts and returns required under **paragraph (a)** are kept must be given to the Registrar. 10
- “(3) If a company fails to comply with **subsection (2)**,—
- “(a) the company commits an offence and is liable on conviction to the penalty set out in section 373(2):
- “(b) every director of the company commits an offence and is liable on conviction to the penalty set out in section 374(2). 15

### “Subpart 2—Financial reporting

#### “196 Overview

- “(1) This subpart imposes financial reporting requirements on—
- “(a) every large company; and 20
- “(b) every large overseas company that carries on business in New Zealand; and
- “(c) every other company with 10 or more shareholders (unless the shareholders of the company opt out of compliance); and 25
- “(d) every other company with fewer than 10 shareholders if shareholders of the company holding at least 5% of the voting shares require the company to comply.
- “(2) This section is only a guide to the general scheme and effect of this subpart. 30

#### “197 Non-application of subpart if alternative financial reporting duties under financial markets legislation

This subpart does not apply to a company or an overseas company in relation to an accounting period if financial statements of the company or overseas company, or group financial statements of the group that comprises the company or overseas 35

company and its subsidiaries, are required to be prepared for that period under any other Act that provides for the company or overseas company to prepare financial statements in accordance with generally accepted accounting practice.

- “198 Interpretation** 5  
 In this subpart,—
- “large company** means a company that is large under **section 44** of the Financial Reporting Act **2012**
- “large overseas company** means a body corporate incorporated outside New Zealand that— 10
- “(a)** carries on business in New Zealand within the meaning of section 332; and
- “(b)** is large under **section 44** of the Financial Reporting Act **2012**
- “qualified auditor** has the same meaning as in **section 34** of the Financial Reporting Act **2012** 15
- “subsidiary**—
- “(a)** means a subsidiary within the meaning of sections 5 to 8; and
- “(b)** includes, except in **section 207D**, any entity that is classified as a subsidiary in any applicable financial reporting standard 20
- “voting share**, in relation to a company, means a share in the company that confers a currently exercisable right to cast a vote at meetings of shareholders of the company, not being a right to vote that is exercisable only in 1 or more of the following circumstances: 25
- “(a)** during a period in which a payment or distribution (or part of a payment or distribution) in respect of the share is in arrears or some other default exists: 30
- “(b)** on a proposal that affects rights attached to the share:
- “(c)** during the liquidation of the company:
- “(d)** in respect of a special, immaterial, or remote matter that is inconsequential to control of the company.

**“199 Determining number of shareholders**

- “(1) For the purposes of this subpart and **section 208**, the number of shareholders that a company has, in relation to an accounting period, is the number of shareholders that hold voting shares as at the close of the first day of the period. 5
- “(2) Joint holders of a parcel of shares must be counted as a single shareholder.

**Example**

ABC Limited has an accounting period of 1 April 2014 to 31 March 2015. ABC Limited is not large (see **section 44** of the Financial Reporting Act **2012**). 10

At the close of 1 April 2014, 16 shareholders hold ordinary voting shares. (The company also has 12 shareholders who hold non-voting preference shares, but non-voting shares are not relevant to the calculation under this section). 15

Two of those shareholders hold their parcel of ordinary voting shares jointly. These shareholders are counted as a single shareholder.

For the purposes of this subpart and **section 208**, ABC Limited has 15 shareholders in relation to the 1 April 2014 to 31 March 2015 period. This means that it must prepare financial statements, have those statements audited, and prepare an annual report unless it opts out of compliance under **section 207H**. 20

*“Preparation of financial statements***“200 Application of preparation provisions** 25

- “(1) **Sections 201 and 202** apply to—
- “(a) every large company; and
  - “(b) every large overseas company; and
  - “(c) every other company with 10 or more shareholders unless the company has opted out of compliance with the provision in accordance with **section 207H**; and 30
  - “(d) every other company with fewer than 10 shareholders if the company has opted into compliance with the provision in accordance with **section 207J**.
- “(2) However, **section 201** does not apply to a company or an overseas company in relation to a balance date if the company or overseas company has, on that date, 1 or more subsidiaries 35

and is required to prepare group financial statements under **section 202**.

**“201 Financial statements must be prepared**

Every company or overseas company to which this section applies (**A**) must ensure that, within 35 months after the balance date of **A**, financial statements that comply with generally accepted accounting practice are— 5

“(a) completed in relation to **A** and that balance date; and

“(b) dated and signed on behalf of **A** by 2 directors of **A**, or, if **A** has only 1 director, by that director. 10

“Compare: 1993 No 106 ss 10(1), 11(1)

**“202 Group financial statements must be prepared**

“(1) Every company or overseas company to which this section applies (**A**) that has, on the balance date of **A**, 1 or more subsidiaries must ensure that, within 35 months after that balance date, group financial statements that comply with generally accepted accounting practice are— 15

“(a) completed in relation to that group and that balance date; and

“(b) dated and signed on behalf of **A** by 2 directors of **A**, or, if **A** has only 1 director, by that director. 20

“(2) Group financial statements are not required under **subsection (1)** in relation to a balance date if,—

“(a) on the balance date, **A** is a subsidiary of a body corporate that is incorporated in New Zealand (**B**); and 25

“(b) group financial statements in relation to a group comprising **B**, **A**, and all other subsidiaries of **B** that comply with generally accepted accounting practice are completed in relation to that balance date under this Act or any other enactment. 30

“Compare: 1993 No 106 ss 13(1), 14(1)

**“203 Recognition of financial reporting requirements of overseas countries**

“(1) **Subsection (2)** applies if the Registrar notifies a large overseas company (**A**) that the Registrar is satisfied that— 35

- “(a) the financial statements of A comply with the requirements of the law in force in the country where A is incorporated or constituted; and
- “(b) those requirements are—
- “(i) substantially the same as those of this Act; or 5
- “(ii) sufficiently equivalent, in relation to the quality of financial reporting they achieve, to the requirements of this Act.
- “(2) The financial statements must be treated as complying with generally accepted accounting practice. 10
- “(3) **Subsection (4)** applies if the Registrar notifies a large overseas company (A) that the Registrar is satisfied that—
- “(a) the group financial statements of the group that comprises A and its subsidiaries comply with the law in force in the country where A is incorporated or constituted; and 15
- “(b) those requirements are—
- “(i) substantially the same as those of this Act; or
- “(ii) sufficiently equivalent, in relation to the quality of financial reporting they achieve, to the requirements of this Act. 20
- “(4) The group financial statements must be treated as complying with generally accepted accounting practice.
- “Compare: 1993 No 106 ss 11(3), 14(5)
- “**204 Financial statements for overseas company must include financial statements for large New Zealand business** 25
- “(1) If an overseas company is required to prepare financial statements under **section 201** and its New Zealand business is large, the financial statements that are prepared must include, in addition to the financial statements of the overseas company, financial statements for its New Zealand business prepared as if that business were conducted by a company formed and registered in New Zealand. 30
- “(2) If an overseas company is required to prepare group financial statements under **section 202** and the group’s New Zealand business is large, the group financial statements that are prepared must include, in addition to the financial statements of the group, financial statements for the group’s New Zealand 35

business prepared as if the members of the group were companies formed and registered in New Zealand.

“(3) In this section, the New Zealand business or the group’s New Zealand business is **large** in respect of an accounting period if at least 1 of the following paragraphs applies (calculated as if that business were an entity): 5

“(a) as at the balance date of each of the 2 preceding accounting periods, the total assets of the business exceed \$60 million:

“(b) in each of the 2 preceding accounting periods, the total revenue of the business exceeds \$30 million. 10

“(4) A financial reporting standard (or a part of a standard) issued by the External Reporting Board that is expressed as applying for the purposes of **subsection (3)** must be applied in determining whether that provision applies. 15

“Compare: 1993 No 106 ss 8(2), 9(2)

**“205 Balance date of subsidiaries**

“(1) The board of a company or an overseas company that is required to comply with **section 202** must ensure that, unless in the board’s opinion there are good reasons against it, the balance date of each subsidiary of the company is the same as the balance date of the company. 20

“(2) If the balance date of a subsidiary of a company or an overseas company referred to in **subsection (1)** is not the same as that of the company, the balance date of the subsidiary for the purposes of any particular group financial statements must be a date that precedes the balance date of the company. 25

“Compare: 1993 No 106 s 7(7), (11)

*“Audit of financial statements*

**“206 Application of audit requirement** 30

“(1) **Section 207** applies to—

“(a) every large company unless the company has opted out of compliance with that section in accordance with ~~section 207~~ **subsection (2)** applies; and

“(b) every large overseas company; and 35

- “(c) every company with 10 or more shareholders unless the company has opted out of compliance with that section in accordance with **section 207H**; and
- “(d) every company with fewer than 10 shareholders if the company has opted into compliance with the section in accordance with **section 207J**. 5
- “(2) **Subsection (1)(a)** does not apply to a large company (A) if—
- “(a) A has opted out of compliance with **section 207** in accordance with **section 207I**; or
- “(b) the following requirements are satisfied: 10
- “(i) A is a wholly-owned subsidiary of another company or of a large overseas company (B):
- “(ii) group financial statements in relation to a group comprising B, A, and all other subsidiaries of B that comply with generally accepted accounting practice are completed and signed within the time specified in **section 202**; and 15
- “(iii) a copy of the group financial statements referred to in **subparagraph (ii)** and a copy of the auditor’s report on those statements are delivered for registration under this Act or for lodgement under another Act. 20
- “**207 Financial statements must be audited**
- “(1) Every company or overseas company to which this section applies (A) must ensure that the financial statements or group financial statements prepared in respect of A under **section 201, 202, or 204** (if any) are audited by a qualified auditor. 25
- “(2) *See **sections 36 to 38** of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a company or an overseas company).* 30
- “**207A Audit must be carried out in accordance with auditing and assurance standards**
- “(1) An auditor must, in carrying out an audit for the purposes of **section 207**, comply with all applicable auditing and assurance standards. 35

- “(2) **Subsection (3)** applies if the Registrar notifies a large overseas company (**A**) that the Registrar is satisfied that standards relating to auditing or assurance that are in force in the country where **A** is incorporated or constituted (the **overseas standards**) are— 5
- “(a) substantially the same as the applicable auditing and assurance standards referred to in **subsection (1)**; or
- “(b) sufficiently equivalent, in relation to the quality of auditing they achieve, to the applicable auditing and assurance standards referred to in **subsection (1)**. 10
- “(3) The auditor of **A**’s financial statements or group financial statements may, in carrying out the audit of those statements and in preparing the auditor’s report, comply with the overseas standards instead of the applicable auditing and assurance standards. 15

“**207B Auditor must report to shareholders**

- “(1) The auditor of a company must make a report to the shareholders on the financial statements or group financial statements audited by the auditor.
- “(2) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards. 20
- “(3) **Subsection (2)** is subject to **section 207A(3)**.

“**207C Auditor’s report must be sent to Registrar and External Reporting Board if requirements have not been complied with** 25

If the auditor’s report indicates that the requirements of this Act have not been complied with, the auditor must, within 7 working days after signing the report, send a copy of the report and a copy of the financial statements or group financial statements to which it relates to the Registrar and the External Reporting Board. 30

“Compare: 1993 No 106 s 16(2)

*“Registration of financial statements of overseas companies and other companies with significant overseas ownership*

**“207D Application of registration provisions**

- “(1) Section 207E** applies to each of the following: 5
- “(a)** every large overseas company:
  - “(b)** every large company in which shares that in aggregate carry the right to exercise or control the exercise of 25% or more of the voting power at a meeting of the company are held by— 10
    - “(i)** a subsidiary of a body corporate incorporated outside New Zealand; or
    - “(ii)** a body corporate incorporated outside New Zealand; or
    - “(iii)** a person not ordinarily resident in New Zealand. 15
  - ~~**“(c)** every company that—~~
    - ~~**“(i)** is a subsidiary of a body corporate incorporated outside New Zealand; and~~
    - ~~**“(ii)** is required to prepare financial statements or group financial statements under this Act. 20~~
- “(2)** However, **section 207E** does not apply to a company or an overseas company (A) if the following requirements are satisfied:
- “(a)** A is a subsidiary of a company that is incorporated in New Zealand (B); and 25
  - “(b)** group financial statements in relation to a group comprising B, A, and all other subsidiaries of B that comply with generally accepted accounting practice are completed and signed within the time specified in **section 202**; and 30
  - “(c)** a copy of the group financial statements referred to in **paragraph (b)** and a copy of the auditor’s report on those statements are delivered for registration under this Act or for lodgement under another Act.
- “(3)** For the purposes of **subsection (1)**, a person is **ordinarily resident in New Zealand** if that person— 35
- “(a)** is domiciled in New Zealand; or
  - “(b)** is living in New Zealand and the place where that person usually lives, and has been living for the immediately

preceding 12 months, is in New Zealand, whether or not that person has on occasions been away from New Zealand during that 12-month period.

“Compare: 1993 No 106 s 19(1), (2)

**“207E Financial statements must be registered** 5

“(1) A company or an overseas company to which this section applies must ensure that, within ~~20 working days after its financial statements or group financial statements under **section 201, 202, or 204** are required to be signed~~ 5 months after the balance date of the company or overseas company, copies ~~of those statements~~ its financial statements or group financial statements completed in relation to that balance date under **section 201, 202, or 204** together with a copy of the auditor’s report on those statements (if any) are delivered to the Registrar for registration. 10 15

“(2) The company or overseas company must, when the financial statements or group financial statements are registered, pay to the Registrar the prescribed registration fee (if any).

“(3) Any person may, on payment of the prescribed fee (if any), inspect the copies of the financial statements, group financial statements, and auditor’s report on those statements delivered to the Registrar under this section. 20

“Compare: 1993 No 106 s 19(3)

*“Shareholders may request copy of financial statements prepared for tax purposes* 25

**“207EA Shareholders may request copy of financial statements prepared for tax purposes**

“(1) This section applies if—

“(a) neither financial statements in relation to a company, nor group financial statements in relation to a company’s group, are prepared under this Act or an enactment referred to in **section 197**; but 30

“(b) financial statements in relation to the company, or group financial statements in relation to its group, are prepared under, or for the purposes of, any of the Inland Revenue 35

Acts (as defined in section 3(1) of the Tax Administration Act 1994).

- “(2) A shareholder of the company may at any time make a written request to the company for a copy of the financial statements or group financial statements (or both) referred to in **subsection (1)(b)**. 5
- “(3) The company must, within 10 working days of receiving a request under **subsection (2)**, provide, free of charge, a copy of the financial statements or group financial statements (or both) to the shareholder together with a copy of the auditor’s report on those statements (if any). 10

*“Financial reporting offences*

**“207F Financial reporting offences**

- “(1) This section applies if—
- “(a) a company or an overseas company is required to comply with **section 201** and financial statements of the company or overseas company— 15
- “(i) are not completed and signed within the time specified in that section; or
- “(ii) fail to comply with an applicable financial reporting standard; or 20
- “(b) a company or an overseas company is required to comply with **section 202** and group financial statements of a group comprising the company or overseas company and its subsidiaries— 25
- “(i) are not completed and signed within the time specified in that section; or
- “(ii) fail to comply with an applicable financial reporting standard; or
- “(c) an overseas company is required to comply with **section 204** and the financial statements or group financial statements referred to in that section— 30
- “(i) are not completed and signed within ~~3~~5 months after the balance date of the overseas company; or 35
- “(ii) fail to comply with an applicable financial reporting standard; or

- “(d) a company or an overseas company fails to comply with **section 207** (which relates to auditing); or
- “(e) a company or an overseas company fails to comply with **section 207E** (which relates to registration of financial statements); or 5
- “(f) a company fails to comply with **section 207EA** (which relates to the supply of copies of financial statements prepared for tax purposes).
- “(2) The company or overseas company commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$50,000. 10
- “(3) Every director of the company or overseas company commits an offence and is liable on conviction to the penalty set out in **section 374(3)**.
- “(4) *See* section 376(2) (which provides defences to directors in respect of an offence under this section). 15
- “Compare: 1993 No 106 ss 36, 38, 39

*“Provisions relating to opting out and opting in*

“**207G Period during which company may opt in or opt out**

In **sections 207H to 207J**, the **opting period**, in relation to the accounting period referred to in **section 207H(3), 207I(3), or 207J(2)**, is the period from the start of the accounting period until the close of the earlier of the following dates: 20

- “(a) the date that is 6 months after the start of the accounting period: 25
- “(b) the date of the annual meeting to be held in the accounting period:
- “(c) in the case of an accounting period that is shorter than 6 months (as a result of the date of the registration of the company or a change of the balance date of the company), the balance date of the period. 30

“**207H Companies with 10 or more shareholders may opt out**

- “(1) This section applies to a company with 10 or more shareholders.
- “(2) However, this section does not apply— 35

- “(a) if the constitution of the company expressly provides that this section does not apply; or
- “(b) to a large company.
- “(3) The shareholders of the company may, at a meeting of shareholders held within the opting period, opt out of compliance with 1 or more of the following provisions in relation to the accounting period by way of a resolution approved by a majority of not less than 95% of the votes of those shareholders entitled to vote and voting on the question:
- “(a) **sections 201 and 202** (preparation of financial statements and group financial statements):
- “(b) **section 207** (audit requirement):
- “(c) **section 208** (obligation to prepare annual report).
- “(4) If the shareholders opt out of compliance with a provision in relation to an accounting period under this section, the provision does not apply to the company in relation to that period.

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#### Example

ABC Limited has an accounting period of 1 April 2014 to 31 March 2015.

ABC Limited is not a large company in relation to that period (see **section 44** of the Financial Reporting Act **2012**).

Under **section 199**, it has 15 shareholders.

The opting period ends no later than the close of the date of the annual meeting to be held in that period. At the annual meeting, a resolution to opt out of the preparation provisions (**sections 201 and 202**) is passed by a 95% majority. Accordingly, ABC Limited does not have to prepare financial statements for that period (**section 207**, which relates to auditing, also does not apply because financial statements are not required to be prepared).

#### “207I Large companies may opt out of audit requirement

- “(1) This section applies to a large company.
- “(2) However, this section does not apply if—
- “(a) the constitution of the company expressly provides that this section does not apply; or
- “(b) the company is required to register financial statements under **section 207E**.

- “(3) The shareholders of the company may, at a meeting of shareholders held within the opting period, opt out of compliance with **section 207** in relation to the accounting period by way of a resolution approved by a majority of not less than 95% of the votes of those shareholders entitled to vote and voting on the question. 5
- “(4) If the shareholders opt out of compliance with **section 207** in relation to an accounting period under this section, that section does not apply to the company in relation to that period.
- “**207J Companies with fewer than 10 shareholders may opt in** 10
- “(1) This section applies to a company (other than a large company) with fewer than 10 shareholders.
- “(2) Shareholders of the company who together hold not less than 5% of the voting shares may, by written notice given to the company within the opting period but not later than 5 working days before the end of that period, require the company to comply with 1 or more of the following provisions in relation to the accounting period: 15
- “(a) **section 201 or 202** (preparation of financial statements or group financial statements): 20
- “(b) **section 207** (audit requirement):
- “(c) **section 208** (obligation to prepare annual report).
- “(3) If a notice is given under **subsection (2)** in relation to a provision and an accounting period, the provision applies to the company in relation to that period. 25

“Registrar may grant exemptions to overseas companies

- “**207JA Registrar may grant exemptions to overseas companies**
- “(1) The Registrar may, by notice in the *Gazette*, exempt any large overseas company, or any class of large overseas companies, from compliance with any provision of **sections 201, 202, 204, 207, and 207E.** 30
- “(2) The Registrar must not grant an exemption under this section unless he or she is satisfied that—

- “(a) compliance with the relevant provision would require the overseas company to comply with requirements that are unduly onerous or burdensome; and  
“(b) the extent of the exemption is not broader than what is reasonably necessary to address the matters that gave rise to the exemption. 5
- “(3) The exemption may be granted on any terms and conditions that the Registrar thinks fit.
- “(4) The Registrar may vary or revoke an exemption in the same way as an exemption may be granted under this section. 10
- “Compare: 1993 No 106 s 35B(1)–(3), (5)

**“207JB Publication and status of exemptions**

- “(1) The Registrar may give notice of the exemption in any publications he or she thinks fit (in addition to notifying the exemption in the *Gazette*). 15
- “(2) Each notice published in the *Gazette* under this section is a disallowable instrument, but not a legislative instrument, for the purposes of the Legislation Act 2012 and must be presented to the House of Representatives under section 41 of that Act.
- “(3) The Registrar’s reasons for granting an exemption (including why the exemption is appropriate) must be notified in the *Gazette* together with the exemption. 20
- “Compare: 1993 No 106 s 35B(4), (6), (7)

**“207JC Consultation**

- In deciding whether or not to grant, amend, or revoke an exemption under **section 207JA**, the Registrar— 25
- “(a) may consult with any persons or organisations that the Registrar thinks fit; but
- “(b) must consult with the Commissioner of Inland Revenue if the exemption involves any provision of **section 201, 202, or 204**. 30

“Compare: 1993 No 106 s 35C

**“207JD Exemption may apply to accounting period before exemption is granted**

An exemption under **section 207JA** may, if the Registrar thinks fit, apply to an accounting period that commenced before the exemption is granted (including an accounting period that ended before the exemption is granted) if the exemption is granted before financial statements or group financial statements for that period are required to be delivered for registration under **section 207E**.

“Compare: 1993 No 106 s 35D

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“Subpart 3—Miscellaneous auditing provisions

**“207K Auditor must be appointed if financial statements must be audited**

- “(1) This section applies to a company in relation to an accounting period if financial statements or group financial statements of the company for that period are required to be audited under this Act or any other enactment. 15
- “(2) A company must, at the annual meeting held in the accounting period referred to in **subsection (1)**, appoint a qualified auditor to— 20
- “(a) hold office from the conclusion of the meeting until the conclusion of the next annual meeting; and
- “(b) audit the financial statements or group financial statements referred to in **subsection (1)**. 25
- “(3) However, if a company is a public entity as defined in section 5 of the Public Audit Act 2001, the Auditor-General is its auditor in accordance with that Act and **subsection (2)** does not apply.
- “(4) The first auditor of a company may be appointed by the directors of the company before the first annual meeting, and, if so appointed, holds office until the conclusion of that meeting. 30

**“207L Registrar may appoint auditor**

- “(1) The Registrar may appoint an auditor if,—

- “(a) at an annual meeting of a company, no auditor is appointed or reappointed as required by **section 207K**; or
- “(b) a casual vacancy in the office of auditor is not filled within 1 month of the vacancy occurring and the company is required to comply with **section 207K**. 5
- “(2) A company must, within 5 working days of the power becoming exercisable, give written notice to the Registrar of the fact that the Registrar is entitled to appoint an auditor under this section. 10
- “(3) If a company fails to comply with **subsection (2)**,—
- “(a) the company commits an offence and is liable on conviction to the penalty set out in section 373(2); and
- “(b) every director of the company commits an offence and is liable on conviction to the penalty set out in section 374(2). 15

**“207M Resignation and casual vacancy**

- “(1) An auditor may resign at any time by giving written notice to the board of the company, and the company must, as soon as practicable, notify its shareholders of the auditor’s resignation. 20
- “(2) If a company fails to comply with **subsection (1)**, every director of the company commits an offence and is liable on conviction to the penalty set out in section 374(2).
- “(3) The board of a company may fill any casual vacancy in the office of auditor, but while the vacancy remains the surviving or continuing auditor, if any, may continue to act as auditor. 25

**“207N Auditors’ fees and expenses**

The fees and expenses of an auditor of a company must be fixed,—

- “(a) if the auditor is appointed at a meeting of the company, by the company at the meeting or in the manner that the company determines at the meeting: 30
- “(b) if the auditor is appointed by the directors, by the directors:
- “(c) if the auditor is appointed by the Registrar, by the Registrar: 35

“(d) if the auditor is the Auditor-General, in accordance with the Public Audit Act 2001.

**“207O Automatic reappointment**

- “(1) An auditor of a company, other than an auditor appointed under **section 207K(4)**, is automatically reappointed at an annual meeting of the company unless— 5
- “(a) the auditor is not a qualified auditor; or
  - “(b) the company passes a resolution at the meeting appointing another person to replace him or her as auditor; or
  - “(c) the company is not required to appoint an auditor at the meeting (*see section 207K*); or 10
  - “(d) the auditor has given notice to the company that he or she does not wish to be reappointed.
- “(2) An auditor is not automatically reappointed if the person who it is proposed will replace him or her dies, or is or becomes incapable of, or disqualified from, appointment. 15

**“207P Replacement of auditor**

- “(1) A company must not appoint a new auditor in the place of an auditor who is a qualified auditor, unless—
- “(a) at least 20 working days’ written notice of a proposal to do so has been given to the auditor; and 20
  - “(b) the auditor has been given a reasonable opportunity to make representations to the shareholders on the appointment of another person either in writing or by the auditor or his or her representative speaking at a shareholders’ meeting (whichever the auditor may choose). 25
- “(2) The auditor is entitled to be paid by the company reasonable fees and expenses for making the representations to shareholders.

**“207Q Auditor not seeking reappointment or resigning 30**

- “(1) If an auditor gives the board of a company written notice that he or she does not wish to be reappointed or of his or her resignation, the board must, if requested to do so by that auditor,—
- “(a) distribute, as soon as practicable, to all shareholders, at the expense of the company, a written statement of 35

- the auditor's reasons for his or her wish not to be reappointed or for his or her resignation; or
- “(b) permit the auditor or his or her representative to explain at a shareholders' meeting the reasons for wishing not to be reappointed or for resigning. 5
- “(2) An auditor is entitled to be paid by the company reasonable fees and expenses for making the representations to shareholders.
- “**207R Auditor's attendance at shareholders' meeting**
- “(1) The board of a company must ensure that an auditor of the company— 10
- “(a) is permitted to attend a meeting of shareholders of the company; and
- “(b) receives the notices and communications that a shareholder is entitled to receive that relate to a meeting of shareholders; and 15
- “(c) may be heard at a meeting of shareholders that he or she attends on any part of the business of the meeting that concerns him or her as auditor.
- “(2) If the board of a company fails to comply with **subsection (1)**, every director of the company commits an offence and is liable on conviction to the penalty set out in section 374(2). 20
- “Subpart 4—Infringement offence for failing to register financial statements
- “**207S Interpretation in this subpart** 25
- In this subpart,—
- “**infringement fee**, in relation to an infringement offence, means \$7,000
- “**infringement notice** means a notice issued under **section 207U** 30
- “**infringement offence** means an offence ~~against~~ under **section 207F(1)(e)** (which relates to failing to register financial statements).

**“207T Infringement offences**

“(1) If a person is alleged to have committed an infringement offence, that person may either—

“(a) ~~be proceeded against summarily for the alleged offence under the Summary Proceedings Act 1957; or~~ 5

“(a) be proceeded against by filing a charging document under section 14 of the Criminal Procedure Act 2011;  
or

“(b) be served with an infringement notice as provided in **section 207U.** 10

“(2) ~~Despite section 21 of the Summary Proceedings Act 1957, leave of a District Court Judge or Registrar to lay an information is not necessary if the Registrar proceeds with an infringement offence summarily.~~

“(2) Proceedings commenced in the way described in **subsection (1)(a)** do not require leave of a District Court Judge or Registrar under section 21(1)(a) of the Summary Proceedings Act 1957. 15

**“207U Infringement notices**

“(1) The Registrar may issue an infringement notice to a person if the Registrar believes on reasonable grounds that the person is committing, or has committed, an infringement offence. 20

“(2) The Registrar may revoke an infringement notice before the infringement fee is paid, or before an order for payment of a fine is made or deemed to be made by a court under section 21 of the Summary Proceedings Act 1957. 25

“(3) An infringement notice is revoked by giving written notice to the person to whom it was issued that the notice is revoked.

**“207V Procedural requirements for infringement notices**

“(1) An infringement notice may be served on a person— 30

“(a) by delivering it, or a copy of it, personally to the person who appears to have committed the infringement offence; or

“(b) by sending it, or a copy of it, by post, addressed to the person at the person’s last known place of residence or business. 35

- “(2) An infringement notice sent under **subsection (1)(b)** must be treated as having been served on the person on the date it was posted.
- “(3) An infringement notice must be in the prescribed form and must contain— 5
- “(a) details of the alleged infringement offence that are sufficient to fairly inform a person of the time, place, and nature of the alleged infringement offence; and
  - “(b) the amount of the infringement fee; and
  - “(c) an address at which the infringement fee may be paid; and 10
  - “(d) the time within which the infringement fee must be paid; and
  - “(e) a summary of the provisions of section 21(10) of the Summary Proceedings Act 1957; and 15
  - “(f) a statement that the person served with the notice has a right to request a hearing; and
  - “(g) a statement of what will happen if the person served with the notice does not pay the fee and does not request a hearing; and 20
  - “(h) any other prescribed matters.
- “(4) If an infringement notice has been issued, proceedings in respect of the infringement offence to which the notice relates may be commenced in accordance with section 21 of the Summary Proceedings Act 1957 and, in that case,— 25
- “(a) reminder notices may be prescribed under regulations made under this Act; and
  - “(b) in all other respects, section 21 of the Summary Proceedings Act 1957 applies with all necessary modifications. 30
- “(5) Reminder notices must contain the prescribed information.

“**207W Payment of infringement fee**

The Registrar must pay all infringement fees received into a Crown Bank Account.”

- 87 Section 208 replaced (Obligation to prepare annual report)** 35
- Replace section 208 with:

**“208 Obligation to prepare annual report**

“(1) This section applies to—

“(a) every large company (within the meaning of **section 198**); and

“(b) every company with 10 or more shareholders unless the company has opted out of compliance with this section in accordance with **section 207H** (in relation to the accounting period referred to in **subsection (2)**); and

“(c) every company with fewer than 10 shareholders if the company has opted into compliance with this section in accordance with **section 207J** (in relation to the accounting period referred to in **subsection (2)**).

“(2) The board of every company to which this section applies must, within ~~3~~5 months after the balance date of the company, prepare an annual report on the affairs of the company during the accounting period ending on that date.

“(3) If the board of a company fails to comply with **subsection (2)**, every director of the company commits an offence and is liable on conviction to the penalty set out in section 374(2).”

**88 Section 209 amended (Obligation to make annual report available to shareholders) 20**

(1) After section 209(1), insert:

“(1A) Subsection (1) does not apply if the annual report is not required to be prepared under **section 208**.”

(2) Replace section 209(5) and (6) with: 25

“(5) For the purposes of this section and sections 209A and 209B, every concise annual report for a company must, in relation to an accounting period, include,—

“(a) in relation to a company that has, on the balance date of the company, no subsidiaries,— 30

“(i) financial statements for the accounting period that comply with generally accepted accounting practice and any auditor’s report on those financial statements; or

“(ii) summary financial statements for the accounting period that comply with generally accepted accounting practice: 35

- “(b) in relation to a company that has, on the balance date of the company, 1 or more subsidiaries,—
- “(i) group financial statements for the accounting period that comply with generally accepted accounting practice and any auditor’s report on those group financial statements; or 5
- “(ii) summary financial statements for the accounting period, prepared in relation to the group comprising the company and its subsidiaries, that comply with generally accepted accounting practice.” 10

**89 Section 209A amended (Board must send copy of annual report or concise annual report on request)**

After section 209A(2), insert:

- “(2A) Subsection (2) does not require a company to send a copy of an annual report on the affairs of the company during a particular accounting period if the board of the company is not required to comply with **section 208** in respect of that period.” 15

**90 Section 211 amended (Contents of annual report)**

- (1) Replace section 211(1)(b) and (c) with: 20
- “(b) include any financial statements or group financial statements for the accounting period that are required to be prepared under **Part 11** or any other enactment; and
- “(c) if an auditor’s report is required under **Part 11** or any other enactment in relation to the financial statements or group financial statements included in the report, include that auditor’s report; and” 25
- (2) In section 211(3), replace “all shareholders” with “shareholders who together hold at least 95% of the voting shares (within the meaning of **section 198**)”. 30
- (3) Repeal section 211(4).

- 91 Section 211A repealed (Obligations to prepare and make available annual reports or financial statements do not apply to non-active companies)**  
Repeal section 211A.
- 92 Section 212 amended (Shareholders may elect not to receive documents)** 5  
After section 212(2), insert:  
“(3) Subsection (2)(b) does not apply if the board of the company is not required to comply with section 209(1) in respect of an accounting period.” 10
- 93 Section 300 amended (Liability if proper accounting records not kept)**  
Replace section 300(1)(a) with:  
“(a) a company that is in liquidation and is unable to pay all its debts has failed to comply with— 15  
“(i) **section 194** (which relates to the keeping of accounting records); or  
“(ii) **section 201 or 202** (which relates to the preparation of financial statements or group financial statements) or any other enactment that requires the company to prepare financial statements or group financial statements; and” 20
- 94 New section 340A inserted (Financial reporting requirements for large overseas companies)** 25  
After section 340, insert:  
“**340A Financial reporting requirements for large overseas companies**  
**Subpart 2 of Part 11** imposes obligations on large overseas companies (within the meaning of **section 198**).”
- 95 Section 373 amended (Penalty for failure to comply with Act)** 30  
Replace section 373(2)(h) to (j) with:  
“(h) **section 195(3)(a)** (which relates to the place where accounting records must be kept):

- “(i) **section 207L(3)(a)** (which relates to the appointment of an auditor):”.
- 96 Section 374 amended (Penalties that may be imposed on directors in cases of failure by board or company to comply with Act)** 5
- (1) Replace section 374(2)(15) to (20) with:
- “(15) **section 195(3)(b)** (which relates to the place where accounting records must be kept):
- “(16) **section 207L(3)(b)** (which relates to the appointment of an auditor): 10
- “(17) **section 207M(2)** (which relates to the notification of the resignation of an auditor):
- “(18) **section 207R(2)** (which relates to the attendance of auditors at meetings of shareholders):
- “(19) **section 208(3)** (which relates to the duty to prepare an annual report):” 15
- (2) After section 374(2), insert:
- “(3) A director of a company who is convicted of an offence against any of the following sections of this Act is liable to a fine not exceeding \$50,000: 20
- “(a) **section 194(4)** (which relates to the keeping of accounting records):
- “(b) **section 207F(3)** (which relates to the preparation, audit, and registration of financial statements).”
- 97 Section 386F amended (Exception in relation to non-dormant phoenix company known by pre-liquidation name of failed company for at least 12 months before liquidation)** 25
- In section 386F(2), replace “section 194(2)” with “**section 194(1)**”. 30
- 98 Schedule 4 amended**
- (1) In Schedule 4, paragraph (j), replace “section 18 or section 19 of the Financial Reporting Act 1993 applied to the company” with “the financial statements or group financial statements of

the company were required to be registered or lodged under any Act”.

- (2) In Schedule 4, replace paragraph (k) with:
- “(k) in the case of a company that has passed a resolution under **section 207H or 207I**, the text and date of the resolution: 5
- “(ka) in the case of a company in respect of which a notice has been given under **section 207J**, the text and date of the notice:”.
- 99 Transitional provision** 10
- (1) The principal Act, as amended by this subpart, applies to a company or an overseas company in relation to accounting periods that commence on or after the commencement of this section.
- (2) The principal Act and the Financial Reporting Act 1993 (and the regulations and order referred to in **section 53(2) and (3)**), as in force before the commencement of this section, continue to apply to a company or an overseas company in relation to accounting periods that commenced before the commencement of this section as if this Act had not been enacted. 15 20

#### Subpart 4—Amendments to Friendly Societies and Credit Unions Act 1982

- 100 Principal Act**
- This subpart amends the Friendly Societies and Credit Unions Act 1982 (the **principal Act**). 25
- 101 Section 2 amended (Interpretation)**
- (1) In section 2, insert in their appropriate alphabetical order:
- “**applicable auditing and assurance standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**
- “**applicable financial reporting standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012** 30
- “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

- “**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”
- “**non-GAAP standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**”
- “**qualified auditor** has the same meaning as in **section 34** of the Financial Reporting Act **2012**”.
- (2) In section 2, repeal the definition of **exempt society** or **exempt branch** or **exempt credit union**.
- (3) In section 2, repeal the definitions of **licensed auditor** and **registered audit firm**. 10
- 102 Section 9 amended (Registrar may publish statements, etc)**  
In section 9(a), delete “(including forms of accounts, and statements of financial position)”.
- 103 Section 41 repealed (Inspection of books and accounts of society)** 15  
Repeal section 41.
- 104 Cross-heading above section 59 replaced**  
Replace the cross-heading above section 59 with:  
“*Accounting records and financial reporting*”. 20
- 105 Section 59 amended (Financial year)**  
Repeal section 59(3).
- 106 Sections 60 to 64 replaced**  
Replace sections 60 to 64 with:
- “**60 Accounting records must be kept** 25  
“(1) Every registered society or branch must ensure that there are kept at all times accounting records that—  
“(a) correctly record the transactions of the society or branch; and  
“(b) will enable the society or branch to ensure that the financial statements of the society or branch comply with the 30

- requirements of this Act or any other Act (if those statements are required to be prepared); and
- “(c) will enable the financial statements of the society or branch to be readily and properly audited (if those statements are required to be audited). 5
- “(2) Every registered society or branch must establish and maintain a satisfactory system of control of its accounting records.
- “(3) The accounting records must be kept—
- “(a) in written form in English; or
- “(b) in a form or manner in which they are easily accessible and convertible into written form in English. 10
- “**61 Non-application of section 63 if alternative financial reporting duties under financial markets legislation**
- Section 63** does not apply to a registered society or branch in relation to a financial year if financial statements in relation to the society or branch and that financial year are required to be prepared under any other Act that provides for the society or branch to prepare financial statements in accordance with generally accepted accounting practice. 15
- “**62 Meaning of specified non-profit not-for-profit entity** 20
- In **sections 63 to 64A**, a registered society or branch is, in respect of a financial year, a **specified non-profit not-for-profit entity** if it is such an entity in respect of that year under **section 45** of the Financial Reporting Act **2012**.
- “**63 Financial statements must be prepared** 25
- “(1) Every registered society or branch must ensure that, within 3 months after the end of the financial year of the society or branch, financial statements are—
- “(a) completed in relation to the society or branch and that financial year; and 30
- “(b) dated and signed on behalf of the society or branch by the secretary of the society or branch and either by 2 members of its committee of management acting on behalf of that committee, or by 1 member of its committee of management acting on behalf of that committee and by 1 of the trustees of the society or branch. 35

- “(2) The financial statements must be prepared in accordance with,—
- “(a) in the case of a specified ~~non-profit~~ not-for-profit entity, generally accepted accounting practice; or
- “(b) in any other case, either generally accepted accounting practice or a non-GAAP standard that applies for the purposes of this section. 5
- “(3) A registered society or branch must not publish any financial statements unless—
- “(a) those financial statements have been audited by the auditor or auditors last appointed to audit the financial statements of the society or branch; and 10
- “(b) those financial statements include, or are accompanied by, a report by the auditor or auditors.
- “(4) **Subsection (3)** does not apply if the financial statements are not required to be audited. 15
- “(5) This section is subject to **sections 61 and 64**.
- “**64 Registered society or branch may opt out**
- “(1) This section applies to a registered society or branch that would, but for this section, be required to comply with **section 63** unless the rules of the society or branch expressly provide that this section does not apply. 20
- “(2) However, this section does not apply to a registered society or branch in respect of a financial year if, in each of the 2 preceding financial years, the total operating expenditure of the society or branch is \$30 million or more. 25
- “(3) The members of a registered society or branch may, at a meeting of the society or branch held within 6 months from the start of a financial year, opt out of compliance with **section 63** in relation to that financial year by way of a resolution of a majority of the members ~~entitled to vote who are present personally or by proxy (where proxies are allowed by the rules) at the meeting of the registered society or branch.~~ 30
- “(4) If the members opt out of compliance with **section 63** in relation to a financial year under this section, the section does not apply to the society or branch in relation to that financial year. 35

- “(5) A financial reporting standard (or a part of a standard) issued by the External Reporting Board that is expressed as applying for the purposes of this section must be applied in determining whether **subsection (2)** applies.
- “**64A Obligation to appoint auditors** 5
- “(1) Every registered society or branch that is a specified ~~non-profit~~ not-for-profit entity in respect of a financial year must appoint a qualified auditor to audit its financial statements for that year (whether the financial statements are prepared under this Act or another Act). 10
- “(2) **Subsection (1)** does not apply if financial statements for that year are not required to be prepared under any Act.
- “(3) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a registered society or branch). 15
- “(4) If a registered society or branch is not a specified ~~non-profit~~ not-for-profit entity in respect of a financial year, the society or branch must appoint a qualified auditor to audit its financial statements for that year if the rules of the society or branch require an auditor to be appointed. 20
- “**64B Registrar may appoint auditor**
- The Registrar may appoint an auditor if—
- “(a) no auditor is appointed as required by **section 64A**; or
- “(b) a casual vacancy in the office of auditor is not filled within 1 month of the vacancy occurring. 25
- “**64C Offences relating to accounting records and financial reporting**
- Every registered society or branch commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$50,000 if— 30
- “(a) the society or branch fails to comply with **section 60 or 64A**; or
- “(b) the society or branch is required to comply with **section 63** and the financial statements of the society or branch— 35

- “(i) are not completed and signed within the time specified in that section; or  
 “(ii) fail to comply with an applicable financial reporting standard or a non-GAAP standard (as the case may be). 5
- “64D Audit must be carried out in accordance with auditing and assurance standards**  
 An auditor must, in carrying out an audit of the financial statements of a registered society or branch, comply with all applicable auditing and assurance standards. 10
- “64E Auditor must report to society or branch**  
 “(1) The auditor of a registered society or branch must make a report to the society or branch on the financial statements audited by the auditor.  
 “(2) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards.” 15
- 107 Section 65 amended (Reappointment and removal of auditors)**  
 (1) In section 65(1), replace “accounts and statement of financial position” with “financial statements”. 20  
 (2) After section 65(1)(a), insert:  
 “(ab) financial statements for the current financial year are not required to be prepared; or  
 “(ac) the society or branch is not required under **section 64A** to appoint an auditor for the current financial year; or”. 25
- 108 Section 68 repealed (Auditors’ report)**  
 Repeal section 68.
- 109 Section 69 amended (Auditors’ rights of access)**  
 (1) In the heading to section 69, replace “of access” with “to attend and be heard at meetings”. 30  
 (2) Repeal section 69(1).

**110 Section 70 amended (Annual return)**

(1) Replace section 70(3)(b) and (c) with:

“(b) must contain, if financial statements are required by this Act or any other Act to be prepared in relation to the society or branch for the financial year to which the return relates, a copy of those financial statements; and”.

(2) Replace section 70(5) with:

“(5) The annual return sent to the Registrar must be accompanied by the auditor’s report on the financial statements referred to in **subsection (3)(b)** (if any).”

**111 Section 72 replaced (Annual return to be supplied to members)**

Replace section 72 with:

**“72 Annual return to be supplied to members**

“(1) A registered society or branch must, on the application of a member or person interested in its funds, supply to the member or person without charge a copy of the last annual return of the society or branch.

“(2) A registered society or branch must provide, together with every copy of an annual return supplied under **subsection (1)**, a copy of the auditor’s report on the financial statements contained in the return (if any).”

**112 Section 73 replaced (Accounts and statement of financial position to be available)**

Replace section 73 with:

**“73 Financial statements must be available**

Every registered society or branch must keep available for inspection (without charge), by a member or person interested in its funds, at its office during ordinary office hours a copy of the last financial statements completed and signed in accordance with this Act or any other Act (if any), together with the auditor’s report (if any) and a copy of the last actuarial report.”

- 113 Section 110 amended (Credit union may make loans to members)**  
 In section 110(3) and (4), replace “statement of financial position of the credit union lodged with the Registrar in accordance with this Act or, where a first statement of financial position has not yet been lodged” with “financial statements of the credit union prepared under this Act or any other Act, or, if the first financial statements have not yet been prepared”.
- 114 Cross-heading above section 119 replaced**  
 Replace the cross-heading above section 119 with:  
*“Accounting records and financial reporting”*.
- 115 Section 119 amended (Credit union to maintain general reserves)**  
 In section 119(1), replace the definition of **total assets** with:  
**“total assets** means the amount shown as the value of the assets of a credit union in the latest financial statements of the credit union prepared under this Act or any other Act.”
- 116 Section 120 amended (Financial year of credit union)**  
 Repeal section 120(3).
- 117 Sections 121 to 125 replaced**  
 Replace sections 121 to 125 with:  
**“121 Accounting records must be kept**  
**“(1)** Every credit union must ensure that there are kept at all times accounting records that—  
**“(a)** correctly record the transactions of the credit union; and  
**“(b)** will enable the credit union to ensure that the financial statements of the credit union comply with generally accepted accounting practice; and  
**“(c)** will enable the financial statements of the credit union to be readily and properly audited.  
**“(2)** Every credit union must establish and maintain a satisfactory system of control of its accounting records.  
**“(3)** The accounting records must be kept—  
**“(a)** in written form in English; or

- “(b) in a form or manner in which they are easily accessible and convertible into written form in English.

“**122 Financial statements must be prepared**

Every credit union must ensure that, within 3 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are— 5

- “(a) completed in relation to the credit union and that financial year; and  
 “(b) dated and signed on behalf of the credit union by 2 officers of the credit union. 10

“**123 Obligation to appoint auditors**

“(1) Every credit union must, in each financial year, appoint a qualified auditor to audit its financial statements for that year.

“(2) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a credit union). 15

“**124 General matters relating to auditors**

For the purposes of this Part, the following provisions of this Act, as far as they are applicable and with the necessary modifications, apply in respect of credit unions as if they were societies registered under Part 2: 20

“(a) **section 64B** (which relates to the Registrar appointing an auditor):

“(b) **sections 64D and 64E** (which relate to compliance with auditing and assurance standards): 25

“(c) section 65 (which relates to the reappointment and removal of auditors):

“(d) section 66 (which relates to notices of resolution affecting the appointment or removal of auditors):

“(e) section 67 (which relates to proceedings subsequent to a notice of intention to move a resolution): 30

“(f) section 69 (which relates to auditors’ rights to attend and be heard at meetings).”

- 118 Section 127 amended (Annual return)**
- (1) Replace section 127(3)(b) and (c) with:  
 “(b) must contain a copy of the financial statements that are prepared in relation to the credit union for the financial year; and” 5
- (2) Replace section 127(4) with:  
 “(4) The annual return sent to the Registrar must be accompanied by the auditor’s report on the financial statements referred to in **subsection (3)(b)**.”
- 119 Section 129 replaced (Annual return to be supplied to members)** 10  
 Replace section 129 with:  
**“129 Annual return to be supplied to members**  
 “(1) A credit union must, on the application of a member or person interested in its funds, supply to the member or person without charge a copy of the last annual return of the credit union. 15  
 “(2) A credit union must provide, together with every copy of an annual return supplied under **subsection (1)**, a copy of the auditor’s report on the financial statements contained in the return.” 20
- 120 Section 131 repealed (Inspection of books and accounts of credit union)**  
 Repeal section 131.
- 121 Section 132 replaced (Accounts and statement of financial position to be available)** 25  
 Replace section 132 with:  
**“132 Financial statements must be available**  
 Every credit union must keep available for inspection (without charge), by a member or person interested in its funds, at its office during ordinary office hours a copy of the last financial statements completed and signed in accordance with this Act or any other Act, together with the auditor’s report.” 30
- 122 Schedule 2 amended**  
 In Schedule 2, item 6, delete “at least once a year”.

- 123 Schedule 3 amended**  
In Schedule 3, item 6, delete “at least once a year”.
- 124 Transitional provision for registered societies and branches**
- (1) The principal Act, as amended by this subpart, applies to a registered society or branch in relation to financial years that commence on or after the commencement of this section. 5
- (2) The principal Act, as in force before the commencement of this section, continues to apply to a registered society or branch in relation to financial years that commenced before the commencement of this section as if this Act had not been enacted. 10
- 125 Transitional provision for credit unions**
- (1) The principal Act, as amended by this subpart, applies to a credit union in relation to financial years that commence on or after the commencement of this section. 15
- (2) The principal Act, as in force before the commencement of this section, continues to apply to a credit union in relation to financial years that commenced before the commencement of this section as if this Act had not been enacted.
- Subpart 5—Amendments to Gambling Act 2003 20
- 126 Principal Act**  
This subpart amends the Gambling Act 2003 (the **principal Act**).
- 127 Section 107 amended (Corporate society must provide annual report to Secretary)** 25  
Replace section 107(6) with:
- “(6) In this section and **section 108A**, **auditor** means,—
- “(a) in the case of a public entity under the Public Audit Act 2001, the Auditor-General; or 30
- “(b) in any other case, a person who is a qualified auditor within the meaning of **section 34** of the Financial Reporting Act **2012**.”

**128 Section 108 replaced (Contents of annual report)**

Replace section 108 with:

**“108 Contents of annual report**

“(1) An annual report must include—

- “(a) an itemised statement of the application or distribution of net proceeds from class 4 gambling for authorised purposes; and
- “(b) financial statements prepared in accordance with generally accepted accounting practice.

“(2) In this section,—

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**.

**“108A Audit must be carried out in accordance with auditing and assurance standards**

“(1) An auditor must, in carrying out an audit on the information contained in an annual report under section 107, comply with all applicable auditing and assurance standards.

“(2) The auditor’s report on the information contained in the annual report must comply with the requirements of all applicable auditing and assurance standards.

“(3) In this section, **applicable auditing and assurance standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**.

**“108B Clubs that operate gambling equipment at non-commercial class 4 venues must make financial statements available to members**

“(1) This section applies to a corporate society that is a club that operates gambling equipment at a non-commercial class 4 venue that—

- “(a) it owns or leases; and
- “(b) is mainly for the use of club members.

“(2) A corporate society to which this section applies must ensure that a copy of any financial statements referred to in **section 108(1)(b)** and a copy of the auditor’s report on those state-

ments are sent to the members or shareholders of the society (if any) within 20 working days after the annual report is required to be provided to the Secretary under section 107.

- “(3) A corporate society that contravenes **subsection (2)** commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$10,000. 5

**“108C Other corporate societies must make financial statements available on Internet**

- “(1) This section applies to a corporate society other than a corporate society to which **section 108B** applies. 10

- “(2) A corporate society to which this section applies must, not later than 4 months after the end of its financial year, ensure that a copy of any financial statements referred to in **section 108(1)(b)** for that financial year and a copy of the auditor’s report on those statements are available at all reasonable times on an Internet site maintained by or on behalf of the society. 15

- “(3) This section does not limit any other duty under this Act or regulations made under this Act to make available the annual report, the financial statements, or the auditor’s report.

- “(4) A corporate society that contravenes **subsection (2)** commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$10,000.” 20

**129 Transitional provision**

- (1) The principal Act, as amended by this subpart, applies to a corporate society in relation to ~~accounting periods~~ financial years that commence on or after the commencement of this section. 25

- (2) The principal Act, as in force before the commencement of this section, continues to apply to a corporate society in relation to ~~accounting periods~~ financial years that commenced before the commencement of this section as if this Act had not been enacted. 30

Subpart 6—Amendments to Income Tax Act  
2007

- 130 Principal Act**  
This subpart amends the Income Tax Act 2007 (the **principal Act**). 5
- 131 Section EX 21C amended (Applicable accounting standards for section EX 21E)**
- (1) In section EX 21C(1), replace “subsections (2) to (7)” with “subsections (2) to (5) and **section EZ 32F**”. 10
  - (2) Repeal section EX 21C(6) and (7).
  - (3) In section EX 21C(9), replace “subsections (2) to (7)” with “subsections (2) to (5) and **section EZ 32F**”.
- 132 Section EX 21E amended (Non-attributing active CFC: test based on accounting standard)**
- (1) In section EX 21E(10)(a)(i), before “generally accepted accounting practice”, insert “former”. 15
  - (2) In section EX 21E(10)(e), before “generally accepted accounting practice”, insert “former”.
  - (3) In section EX 21E(12)(f), the words before the paragraphs, before “generally accepted accounting practice”, insert “former”. 20
  - (4) In section EX 21E(12)(g), the words before the paragraphs, before “generally accepted accounting practice”, insert “former”.
  - (5) In section EX 21E, list of defined terms, insert “former generally accepted accounting practice without IFRS”. 25
- 133 New section EZ 32F (Applicable accounting standard for section EX 21E: former generally accepted accounting practice without IFRS)**  
After section EZ 32E, insert: 30

**“EZ 32F Applicable accounting standard for section EX 21E:  
former generally accepted accounting practice without  
IFRS**

*“When this section applies*

- “(1) This section applies when— 5
- “(a) a person (the **interest holder**) with an interest in a CFC is applying section EX 21E (Non-attributing active CFC: Test based on accounting standard) for an accounting period to determine whether the CFC is a non-attributing active CFC for the person; and 10
- “(b) section GB 15C (Arrangements related to accounting test for non-attributing active CFC) does not apply.
- “Former generally accepted accounting practice without IFRS for CFC*
- “(2) The interest holder may use former generally accepted accounting practice without IFRS for the CFC and the accounting period if the interest holder or another person is a company resident in New Zealand that— 15
- “(a) has no revenue under former Financial Reporting Standard 34 and former Financial Reporting Standard 35; and 20
- “(b) is an issuer under section 4 of the former Financial Reporting Act in neither of the current and preceding accounting periods; and
- “(c) is not required by section 19 of the former Financial Reporting Act to file its accounts with the Registrar of Companies; and 25
- “(d) is not a large company under section 19A(1)(b) of the former Financial Reporting Act; and
- “(e) does not have accounts that are prepared and audited under generally accepted accounting practice with IFRS; and 30
- “(f) is not a subsidiary of a company having accounts that—
- “(i) include the accounts of the subsidiary; and
- “(ii) are prepared and audited, or required to be prepared, under generally accepted accounting practice with IFRS; and 35
- “(g) has accounts that—
- “(i) include the accounts of the CFC; and

- “(ii) comply with former generally accepted accounting practice without IFRS; and
- “(iii) meet the audit requirements of section EX 21C(8).
- “*Former generally accepted accounting practice without IFRS for CFC’s test group* 5
- “(3) The interest holder may use former generally accepted accounting practice without IFRS for the CFC’s test group under section EX 21D(1) (Non-attributing active CFC: default test) if the interest holder or another person is a company resident in New Zealand that— 10
- “(a) has no revenue under former Financial Reporting Standard 34 and former Financial Reporting Standard 35; and
- “(b) is an issuer under section 4 of the former Financial Reporting Act in neither of the current and preceding accounting periods; and 15
- “(c) is not required by section 19 of the former Financial Reporting Act to file its accounts with the Registrar of Companies; and 20
- “(d) is not a large company under section 19A(1)(b) of the former Financial Reporting Act; and
- “(e) does not have accounts that are prepared and audited under generally accepted accounting practice with IFRS; and 25
- “(f) is not a subsidiary of a company having accounts that—
- “(i) include the accounts of the subsidiary; and
- “(ii) are prepared and audited, or required to be prepared, under generally accepted accounting practice with IFRS; and 30
- “(g) has accounts that—
- “(i) include the accounts of the members of the CFC’s test group; and
- “(ii) comply with former generally accepted accounting practice without IFRS; and 35
- “(iii) meet the audit requirements of section EX 21C(8).

*“Terms relating to generally accepted accounting practice before repeal of Financial Reporting Act 1993*

“(4) In this section and section EX 21E,—

“**former Financial Reporting Act** means the Financial Reporting Act 1993—

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“(a) as it was before being repealed under the Financial Reporting Act **2012**; and

“(b) treated as if it applied to resident companies for the purposes of this section and section EX 21E

“**former Financial Reporting Standard 34** means the Financial Reporting Standard 34 issued under the former Financial Reporting Act as the standard was before the repeal of the Financial Reporting Act 1993 under the Financial Reporting Act **2012**

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“**former Financial Reporting Standard 35** means the Financial Reporting Standard 35 issued under the former Financial Reporting Act as the standard was before the repeal of the Financial Reporting Act 1993 under the Financial Reporting Act **2012**

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“**former financial reporting standards without IFRS** means the financial reporting standards, other than IFRSs, approved or issued under the former Financial Reporting Act 1993 as the standards were before the repeal of the Financial Reporting Act 1993 under the Financial Reporting Act **2012**

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“**former generally accepted accounting practice without IFRS** means the generally accepted accounting practice in New Zealand,—

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“(a) as the practice was before the repeal of the Financial Reporting Act 1993 under the Financial Reporting Act **2012**; and

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“(b) for persons who under the former Financial Reporting Act are not required to use IFRS but are required to comply with the former financial reporting standards without IFRS

“**generally accepted accounting practice with IFRS** means the generally accepted accounting practice in New Zealand including IFRSs and the framework for differential reporting

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for entities applying the New Zealand equivalents to the international financial standards reporting regime.

“Defined in this Act: accounting period, CFC, company, former Financial Reporting Act, former Financial Reporting Standard 34, former Financial Reporting Standard 35, former financial reporting standards without IFRS, former generally accepted accounting practice without IFRS, generally accepted accounting practice, generally accepted accounting practice with IFRS, IFRS, non-attributing active CFC, resident in New Zealand”.

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**134 Section FE 36B amended (Identifying members of New Zealand banking group: Crown-owned, no interest apportionment)**

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(1) In section FE 36B(3), heading, replace “*Financial Reporting Act 1993*” with “*Financial Reporting Act 2012*”.

(2) Replace section FE 36B(3)(a) and (b) with:

“(a) under the Financial Reporting Act 2012, or under **section 57** of that Act and the Financial Reporting Act 1993, is a member of the group for which the registered bank is the reporting entity:

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“(b) would be a member of the group referred to in **paragraph (a)** but for the relevant materiality thresholds.”

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**135 Section YA 1 amended (Definitions)**

In section YA 1, in the appropriate alphabetical order, insert:

“**former Financial Reporting Act** is defined in **section EZ 32F(4)** (Applicable accounting standard for section EX 21E: former generally accepted accounting practice without IFRS) for the purposes of that section and section EX 21E

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“**former Financial Reporting Standard 34** is defined in **section EZ 32F(4)** (Applicable accounting standard for section EX 21E: former generally accepted accounting practice without IFRS) for the purposes of that section and section EX 21E

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“**former Financial Reporting Standard 35** is defined in **section EZ 32F(4)** (Applicable accounting standard for section EX 21E: former generally accepted accounting practice without IFRS) for the purposes of that section and section EX 21E

“**former financial reporting standards without IFRS** is defined in **section EZ 32F(4)** (Applicable accounting standard for section EX 21E: former generally accepted account-

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ing practice without IFRS) for the purposes of that section and section EX 21E

“**former generally accepted accounting practice without IFRS** is defined in **section EZ 32F(4)** (Applicable accounting standard for section EX 21E: former generally accepted accounting practice without IFRS) for the purposes of that section and section EX 21E

“**generally accepted accounting practice with IFRS** is defined in **section EZ 32F(4)** (Applicable accounting standard for section EX 21E: former generally accepted accounting practice without IFRS) for the purposes of that section and section EX 21E”.

#### Subpart 7—Amendments to Industrial and Provident Societies Act 1908

- 136 Principal Act** 15  
This subpart amends the Industrial and Provident Societies Act 1908 (the **principal Act**).
- 137 Section 8 amended (Duties and obligations of societies)**
- (1) Repeal section 8(a)(iii) and (vii).
- (2) Replace section 8(a)(iv) with: 20  
     “(iv) within 3 months of each balance date of the society, send to the Registrar an annual return that is in the form and contains all of the particulars that the Registrar may from time to time require together with a prescribed fee (if any).” 25
- (3) Replace section 8(a)(vi) with:  
     “(vi) supply without charge to every member or person interested in the funds of the society, on application, a copy of the last annual return of the society.” 30
- (4) In section 8, insert as subsections (2) and (3):  
 “(2) In **subsection (1)(a)(iv)**, **balance date** has the same meaning as in **section 40** of the Financial Reporting Act **2012**.  
 “(3) **Subsection (1)(b) to (e)** do not apply in relation to **sections 8A to 8M**.” 35

**138 New sections 8A to 8M inserted**

After section 8, insert:

**“8A Accounting records must be kept**

- “(1) Every registered society must ensure that there are kept at all times accounting records that— 5
- “(a) correctly record the transactions of the society; and
  - “(b) will enable the society to ensure that the financial statements of the society comply with generally accepted accounting practice (if the society is required to prepare those statements); and 10
  - “(c) will enable the financial statements of the society to be readily and properly audited (if those statements are required to be audited).
- “(2) Every registered society must establish and maintain a satisfactory system of control of its accounting records. 15
- “(3) The accounting records must be kept—
- “(a) in written form in English; or
  - “(b) in a form or manner in which they are easily accessible and convertible into written form in English.

**“8B Non-application of provisions if alternative financial reporting duties under financial markets legislation 20**

**Sections 8D and 8E** do not apply to a registered society in relation to an accounting period if financial statements of the society are required to be prepared for that period under any other Act that provides for the society to prepare financial statements in accordance with generally accepted accounting practice. 25

**“8C Interpretation for financial reporting provisions**

- “(1) In **sections 8A to 8M**, **accounting period**, **applicable auditing and assurance standard**, and **applicable financial reporting standard** have the same meanings as in **section 5** of the Financial Reporting Act **2012**. 30
- “(2) In **sections 8A to 8M** and **19**,—
- “**balance date** has the same meaning as in **section 40** of the Financial Reporting Act **2012**
  - “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012** 35

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**

“**large registered society** means a registered society that is large under **section 44** of the Financial Reporting Act **2012**

“**qualified auditor** has the same meaning as in **section 34** of the Financial Reporting Act **2012**. 5

**“8D Financial statements must be prepared**

“(1) This section applies to—

“(a) every large registered society; and

“(b) every other registered society unless the society has opted out of compliance with this section in accordance with **section 8K**. 10

“(2) Every registered society to which this section applies must ensure that, within ~~3~~4 months after the balance date of the society, financial statements that comply with generally accepted accounting practice are— 15

“(a) completed in relation to the society and that balance date; and

“(b) dated and signed on behalf of the society by 2 members of the committee of the society. 20

**“8E Financial statements must be audited**

“(1) This section applies to every registered society unless the society has opted out of compliance with this section in accordance with **section 8K or 8L**.

“(2) Every registered society to which this section applies must ensure that the financial statements of the society prepared under **section 8D** (if any) are audited by a qualified auditor. 25

“(3) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a registered society). 30

**“8F Audit must be carried out in accordance with auditing and assurance standards**

“(1) An auditor must, in carrying out an audit for the purposes of **section 8E**, comply with all applicable auditing and assurance standards. 35

“(2) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards.

“**8G Financial statements must be sent to members**

“(1) Every registered society that is required to prepare financial statements under **section 8D** must ensure that, within ~~20~~ 5 ~~working days after the financial statements of the society are required to be signed~~ 4 months after the balance date of the society, copies of those statements are sent to every member of the society.

“(2) If the financial statements are required to be audited, the statements sent under **subsection (1)** must be accompanied by a copy of the auditor’s report on those statements. 10

“**8H Registration of financial statements**

“(1) A large registered society that is required to prepare financial statements under **section 8D** must ensure that, within ~~20~~ 15 ~~working days after the financial statements of the society are required to be signed~~ 4 months after the balance date of the society, copies of those statements and a copy of any auditor’s report on those statements are delivered to the Registrar for registration. 20

“(2) The registered society must, when the financial statements are registered, pay to the Registrar the prescribed registration fee (if any).

“**8I Inspection of registered financial statements**

Any person may, on payment of the prescribed fee (if any), inspect the copies of any financial statements and auditor’s report on those statements delivered to the Registrar under **section 8H**. 25

“**8J Financial reporting offences**

“(1) **Subsection (2)** applies if— 30

“(a) a registered society fails to comply with **section 8A, 8E, 8G, or 8H**; or

“(b) a registered society is required to comply with **section 8D** and financial statements of the society—

- “(i) are not completed and signed within the time specified in that section; or
- “(ii) fail to comply with an applicable financial reporting standard.
- “(2) The registered society and every member of the committee of the society commit an offence and are liable on ~~summary~~ conviction to a fine not exceeding \$50,000. 5
- “(3) It is a defence to a member of the committee of a society charged with an offence under this section in respect of a requirement referred to in **subsection (1)** if the member proves that— 10
- “(a) the society took all reasonable and proper steps to ensure that the requirement would be complied with; or
- “(b) the member took all reasonable steps to ensure that the requirement would be complied with; or 15
- “(c) in the circumstances, the member could not reasonably have been expected to take steps to ensure that the requirement would be complied with.
- “**8K Societies (other than large societies) may opt out of preparation and audit requirements** 20
- “(1) This section applies to a registered society other than—
- “(a) a large registered society; or
- “(b) a society whose rules expressly provide that this section does not apply.
- “(2) The members of a registered society may, at a meeting held within 6 months from the start of an accounting period, opt out of compliance with either or both of the following provisions in relation to that accounting period by way of a resolution passed under **section 8M**:
- “(a) **section 8D** (preparation of financial statements): 30
- “(b) **section 8E** (audit requirement).
- “**8L Large societies may opt out of audit requirements**
- “(1) This section applies to a large registered society other than a society whose rules expressly provide that this section does not apply. 35

“(2) The members of a registered society may, at a meeting held within 6 months from the start of an accounting period, opt out of compliance with **section 8E** (audit requirement) in relation to that accounting period by way of a resolution passed under **section 8M**.

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**“8M Resolution to opt out**

“(1) For the purposes of **sections 8K and 8L**, the resolution must be passed at a meeting by a majority of not less than 95% of the members of the society for the time being entitled under the rules to vote that are present in person or by proxy (where the rules allow proxies) at the meeting.

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“(2) Notice of the meeting, specifying the intention to propose the resolution, must be duly given in accordance with the rules of the society.

“(3) If the members opt out of compliance with a provision in relation to an accounting period under **section 8K or 8L**, the provision does not apply to the registered society in relation to that period.”

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**139 Section 16 amended (Penalties)**

(1) In section 16(a), delete “any statement of financial position of a registered society, or”.

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(2) In section 16, insert as subsection (2):

“(2) **Subsection (1)** does not apply in relation to **sections 8A to 8M**.”

**140 Section 19 amended (Appointment of auditors)**

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(1) In section 19(1), replace “an auditor or auditors” with “a qualified auditor”.

(2) In section 19(1A), replace “appoint an auditor” with “appoint a qualified auditor”.

(3) Repeal section 19(2) to (3).

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**141 Transitional provision**

(1) The principal Act, as amended by this subpart, applies to a registered society in relation to accounting periods that commence on or after the commencement of this section.

- (2) The principal Act, as in force before the commencement of this section, continues to apply to a registered society in relation to accounting periods that commenced before the commencement of this section as if this Act had not been enacted.

Subpart 8—Amendments to Limited Partnerships Act 2008 5

- 142 Principal Act**  
This subpart amends the Limited Partnerships Act 2008 (the **principal Act**).
- 143 Section 10 amended (Contents of partnership agreement)** 10  
Repeal section 10(f).
- 144 Section 74 amended (Records of limited partnership)**  
In section 74(1)(f), after “**section 75**”, insert “(if any)”.
- 145 Section 75 replaced (Obligation to prepare financial statements)** 15  
Replace section 75 with:  
*“Financial reporting*
- “75 Financial statements must be prepared**
- “(1)** The general partners of a large limited partnership, or of a limited partnership that has opted into compliance with this section under **section 75EA**, must ensure that, within 3 5 months after the balance date of the limited partnership, financial statements that comply with generally accepted accounting practice are—
- “(a) completed in relation to the limited partnership and that balance date; and 25
- “(b) dated and signed on behalf of the general partners by 2 general partners of the limited partnership, or, if the limited partnership has only 1 general partner, by that general partner. 30
- “(2)** In **sections 75A to 75F**, **accounting period**, **applicable auditing and assurance standard**, and **applicable financial**

**reporting standard** have the same meanings as in **section 5** of the Financial Reporting Act **2012**.

“(3) In this section and **sections 75A to 75F**,—

“**balance date** has the same meaning as in **section 40** of the Financial Reporting Act **2012** 5

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**

“**large limited partnership** means a limited partnership that is large under **section 44** of the Financial Reporting Act **2012** 10

“**qualified auditor** has the same meaning as in **section 34** of the Financial Reporting Act **2012**.

“**75A Financial statements must be audited**

“(1) The general partners of a large limited partnership, or of a limited partnership that has opted into compliance with this section under **section 75EA**, must ensure that the financial statements of the limited partnership are audited by a qualified auditor. 15

“(2) This section does not apply to a large limited partnership if the limited partnership opts out of this section under **section 75F**. 20

“(3) *See **sections 36 to 38** of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a large limited partnership).*

“**75B Audit must be carried out in accordance with auditing and assurance standards** 25

“(1) An auditor must, in carrying out an audit for the purposes of **section 75A**, comply with all applicable auditing and assurance standards.

“(2) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards. 30

“**75C Distribution of financial statements**

The general partners of a large limited partnership must ensure that, within 20 working days after the financial statements of

the limited partnership are required to be signed, copies of those statements and a copy of the auditor's report on those statements (if any) are delivered to each general partner and each limited partner.

- “75C Distribution of financial statements** 5
- The general partners of a large limited partnership, or of a limited partnership that has opted into compliance with this section under **section 75EA**, must ensure that, within 5 months after the balance date of the limited partnership, copies of the financial statements of the limited partnership completed in relation to that balance date and a copy of the auditor's report on those statements (if any) are delivered to each general partner and each limited partner. 10
- “75D Financial reporting offences**
- “(1) Subsection (2) applies if—** 15
- “(a)** financial statements in relation to a large limited partnership, or a limited partnership that has opted into compliance with **section 75**, are not completed and signed within the time specified in **section 75(1)**; or
- “(b)** the financial statements of a large limited partnership referred to in **paragraph (a)** fail to comply with an applicable financial reporting standard; or 20
- “(c)** the financial statements of a large limited partnership, or of a limited partnership that has opted into compliance with **section 75A**, are not audited in accordance with **section 75A**; or 25
- “(d)** a copy of the financial statements of a large limited partnership, or of a limited partnership that has opted into compliance with **section 75C**, and a copy of the auditor's report on those statements are not delivered to each partner in accordance with **section 75C**. 30
- “(2)** Every general partner of the limited partnership commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$50,000.
- “(3)** It is a defence to a general partner of a partnership charged 35 with an offence under this section in respect of a requirement referred to in **subsection (1)** if the partner proves that—

- “(a) the general partners took all reasonable and proper steps to ensure that the requirement would be complied with; or
- “(b) the general partner took all reasonable steps to ensure that the requirement would be complied with; or 5
- “(c) in the circumstances, the general partner could not reasonably have been expected to take steps to ensure that the requirement would be complied with.
- “**75E Non-application of provisions if alternative financial reporting duties under financial markets legislation** 10  
**Sections 75 to 75D** do not apply to a limited partnership in relation to an accounting period if financial statements of the partnership are required to be prepared for that period under any other Act that provides for the partnership to prepare financial statements in accordance with generally accepted accounting practice. 15
- “**75EA Limited partnership may opt in**
- “(1) The partners of a limited partnership who together have contributed at least 5% of the capital contributions of all the partners may, by written notice given to the limited partnership within 6 months after the start of an accounting period, require the limited partnership to comply with 1 or more of the following provisions in relation to the accounting period: 20
- “(a) **section 75** (preparation of financial statements);
- “(b) **section 75A** (audit requirement); 25
- “(c) **section 75C** (distribution of financial statements).
- “(2) If a notice is given under **subsection (1)** in relation to a provision and an accounting period, the provision applies to the limited partnership in relation to that period.
- “**75F Large limited partnerships may opt out of audit requirement** 30
- “(1) This section applies to a large limited partnership unless the partnership agreement for the limited partnership expressly provides that this section does not apply.
- “(2) The limited partnership may, within 6 months from the start of an accounting period, opt out of compliance with **section 75A** 35

(audit requirement) in relation to that accounting period by way of a resolution passed or signed by partners who together have contributed at least 95% of the capital contributions of all the partners.

- “(3) If the limited partnership opts out of compliance with **section 75A** in relation to an accounting period under this section, the section does not apply to the limited partnership in relation to that period. 5

*“Annual return”.*

- 146 Transitional provision** 10
- (1) The principal Act, as amended by this subpart, applies to a limited partnership in relation to accounting periods that commence on or after the commencement of this section.
- (2) The principal Act, as in force before the commencement of this section, continues to apply to a limited partnership in relation to accounting periods that commenced before the commencement of this section as if this Act had not been enacted. 15

#### Subpart 9—Amendments to Partnership Act 1908

- 147 Principal Act** 20  
This subpart amends the Partnership Act 1908 (the **principal Act**).
- 148 New sections 34A to 34G and cross-heading inserted**  
After section 34, insert:
- “Financial reporting* 25
- “**34A Non-application of provisions if alternative financial reporting duties under financial markets legislation**  
**Sections 34B to 34G** do not apply to a partnership in relation to an accounting period if financial statements of the partnership are required to be prepared for that period under any other enactment that provides for the partnership to prepare financial statements in accordance with generally accepted accounting practice. 30

**“34AB Accounting records**

“(1) The partners of a large partnership must ensure that there are kept at all times accounting records that—

“(a) correctly record the transactions of the partnership; and

“(b) will enable the partnership to ensure that the financial statements of the partnership comply with generally accepted accounting practice; and 5

“(c) will enable the financial statements of the partnership to be readily and properly audited (if those statements are required to be audited). 10

“(2) The partners of a large partnership must establish and maintain a satisfactory system of control of its accounting records.

“(3) The accounting records must be kept—

“(a) in written form in English; or

“(b) in a form or manner in which they are easily accessible and convertible into written form in English. 15

**“34B Financial statements must be prepared**

The partners of a large partnership must ensure that, within 3 5 months after the balance date of the partnership, financial statements that comply with generally accepted accounting practice are— 20

“(a) completed in relation to the partnership and that balance date; and

“(b) dated and signed on behalf of the partners by 2 partners.

**“34C Interpretation for purposes of financial reporting provisions** 25

“(1) In **sections 34A to 34G**, **accounting period**, **applicable auditing and assurance standard**, and **applicable financial reporting standard** have the same meanings as in **section 5** of the Financial Reporting Act **2012**. 30

“(2) In **sections 34A to 34G**,—

“**balance date** has the same meaning as in **section 40** of the Financial Reporting Act **2012**

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012** 35

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**

“**large partnership** means a partnership that is large under **section 44** of the Financial Reporting Act **2012**

“**qualified auditor** has the same meaning as in **section 34** of the Financial Reporting Act **2012**. 5

“**34D Financial statements must be audited**

“(1) The partners of a large partnership must ensure that the financial statements of the partnership are audited by a qualified auditor. 10

“(2) This section does not apply to a partnership if the partnership opts out of this section under **section 34G**.

“(3) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a large partnership). 15

“**34E Audit must be carried out in accordance with auditing and assurance standards**

“(1) An auditor must, in carrying out an audit for the purposes of **section 34D**, comply with all applicable auditing and assurance standards. 20

“(2) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards.

“**34F Financial reporting offences**

“(1) **Subsection (2)** applies if—

“(aa) the partners of a partnership fail to comply with **section 34AB**; or 25

“(a) the partners of a partnership are required to comply with **section 34B** and financial statements of the partnership—

“(i) are not completed and signed within the time specified in that section; or 30

“(ii) fail to comply with an applicable financial reporting standard; or

“(b) the partners of a partnership fail to comply with **section 34D**. 35

- “(2) Every partner of the partnership commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$50,000.
- “(3) It is a defence to a partner charged with an offence under this section in respect of a requirement referred to in **subsection (1)** if the partner proves that— 5
- “(a) the partnership took all reasonable and proper steps to ensure that the requirement would be complied with; or
- “(b) the partner took all reasonable steps to ensure that the requirement would be complied with; or
- “(c) in the circumstances, the partner could not reasonably 10  
have been expected to take steps to ensure that the requirement would be complied with.
- “34G Partnerships may opt out of audit requirement**
- “(1) This section applies to a partnership unless the partnership agreement for the partnership expressly provides that this section does not apply. 15
- “(2) The partnership may, within 6 months from the start of an accounting period, opt out of compliance with **section 34D** (audit requirement) in relation to that accounting period by way of a resolution passed or signed by partners who together 20  
are entitled to share in at least 95% of the capital of the firm.
- “(3) If the partnership opts out of compliance with **section 34D** in relation to an accounting period under this section, the section does not apply to the partnership in relation to that period.”
- 149 Transitional provision** 25
- (1) The principal Act, as amended by this subpart, applies to a partnership in relation to accounting periods that commence on or after the commencement of this section.
- (2) The principal Act, as in force before the commencement of this section, continues to apply to a partnership in relation to ac- 30  
counting periods that commenced before the commencement of this section as if this Act had not been enacted.

Subpart 10—Amendments to Retirement  
Villages Act 2003

- 150 Principal Act**  
This subpart amends the Retirement Villages Act 2003 (the **principal Act**). 5
- 151 Section 5 amended (Interpretation)**  
In section 5, insert in their appropriate alphabetical order:  
 “**accounting period** has the same meaning as in **section 5** of the Financial Reporting Act **2012**  
 “**applicable auditing and assurance standard** has the same 10  
 meaning as in **section 5** of the Financial Reporting Act **2012**  
 “**applicable financial reporting standard** has the same  
 meaning as in **section 5** of the Financial Reporting Act **2012**  
 “**balance date** has the same meaning as in **section 40** of the  
 Financial Reporting Act **2012** 15  
 “**financial statements** has the same meaning as in **section 6**  
 of the Financial Reporting Act **2012**  
 “**generally accepted accounting practice** has the same mean-  
 ing as in **section 8** of the Financial Reporting Act **2012**  
 “**qualified auditor** has the same meaning as in **section 34** of 20  
 the Financial Reporting Act **2012**”.
- 152 Section 13 amended (Annual return)**
- (1) Replace section 13(3)(b) with:  
 “(b) a copy of the audited financial statements prepared by  
 the operator under **section 35A** or under the provisions 25  
 referred to in **section 35E**; and  
 “(ba) a copy of the audited financial statements prepared by  
 the operator under **section 35B** (if any); and”.
- (2) Replace section 13(3)(c)(i) with:  
 “(i) the operator has supplied to the supervisor a copy 30  
 of the financial statements of the operator and, if  
**section 35B** applies, financial statements of the  
 village; and”.

**153 New sections 35AA to 35F inserted**

After section 35, insert:

*“Financial reporting*

**“35AA Accounting records**

**“(1)** An operator of a retirement village must ensure that there are kept at all times accounting records that— 5

**“(a)** correctly record the transactions of the operator; and

**“(b)** will enable the operator to ensure that the financial statements of the operator and of the retirement village comply with generally accepted accounting practice (if the operator is required to prepare such statements under this Act or any other enactment); and 10

**“(c)** will enable the financial statements of the operator and of the retirement village to be readily and properly audited. 15

**“(2)** The operator of a retirement village must establish and maintain a satisfactory system of control of its accounting records.

**“(3)** The accounting records must be kept—

**“(a)** in written form in English; or

**“(b)** in a form or manner in which they are easily accessible and convertible into written form in English. 20

**“35A Financial statements must be prepared**

**“(1)** An operator of a retirement village must ensure that, within ~~3~~ 5 months after the balance date of the operator, financial statements that comply with generally accepted accounting practice are— 25

**“(a)** completed in relation to the operator and that balance date; and

**“(b)** dated and signed on behalf of the operator by 2 directors, trustees, or office holders of the operator. 30

**“(2)** **Subsection (1)** does not apply to a receiver or liquidator, or a person who has no financial interest in the retirement village.

**“35B Financial statements for retirement villages**

**“(1)** This section applies if—

**“(a)** the financial statements of an operator of a retirement village include the activities of— 35

- “(i) more than 1 retirement village; or  
“(ii) another trading activity that operates independently of the retirement village; and  
“(b) either the statutory supervisor of the retirement village, or, if the operator is exempted under section 41 from appointing a statutory supervisor, the Registrar, as a condition of that exemption, requires the operator to comply with this section. 5
- “(2) The operator of a retirement village must ensure that, within ~~3~~ 5 months after the balance date of the operator, financial statements that comply with generally accepted accounting practice are— 10
- “(a) completed in relation to the village and that balance date; and  
“(b) dated and signed on behalf of the operator by ~~2~~ 2 directors, trustees, or office holders of the operator. 15
- “(3) The operator of a retirement village must lodge a copy of the financial statements of the operator and each village, within ~~20 working days after the financial statements are required to be signed~~ 5 months after the balance date of the operator,— 20
- “(a) with the statutory supervisor of the retirement village (if there is one); or  
“(b) if the operator is exempted from appointing a statutory supervisor, with the person the Registrar appoints under a condition of that exemption (if any). 25
- “**35C Financial statements must be audited**
- “(1) The operator of a retirement village must ensure that the financial statements prepared under **sections 35A and 35B** are audited by a qualified auditor.
- “(2) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to an operator of a retirement village). 30

- “**35D Audit must be carried out in accordance with auditing and assurance standards**
- “(1) An auditor must, in carrying out an audit for the purposes of **section 35C**, comply with all applicable auditing and assurance standards. 5
- “(2) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards.
- “**35E Non-application of section 35A if alternative financial reporting duties under financial markets legislation**
- Section 35A** does not apply to an operator of a retirement village in relation to an accounting period if financial statements of the operator are required to be prepared for that period under any other Act that provides for the operator to prepare financial statements in accordance with generally accepted accounting practice. 10  
15
- “**35F Financial reporting offences**
- An operator of a retirement village commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$50,000 if—
- “(a) financial statements required to be prepared by the operator under **section 35A or 35B** are not completed and signed within the time specified in those sections; or 20
- “(b) financial statements required to be prepared by the operator under **section 35A or 35B** fail to comply with an applicable financial reporting standard; or 25
- “(c) the operator fails to comply with **section 35AA, 35B(3), or 35C.**”
- 154 Section 97 amended (Registrar’s powers of inspection)**
- In section 97(1)(a)(i), (ii), and (iii), delete “or the Financial Reporting Act 1993”. 30
- 155 Transitional provisions**
- (1) The principal Act, as amended by this subpart, applies to an operator in relation to accounting periods that commence on or after the commencement of this section.

- (2) The principal Act and the Financial Reporting Act 1993, as in force before the commencement of this section, continue to apply to an operator in relation to accounting periods that commenced before the commencement of this section as if this Act had not been enacted. 5
- (3) If, immediately before the commencement of this section, an operator is, in accordance with section 9A(4)(b) of the Financial Reporting Act 1993, required to comply with section 9A(5) of that Act,—
- (a) the operator must be treated as being required to comply with **section 35B** of the principal Act; and 10
- (b) the requirement in **paragraph (a)** may be removed by the statutory supervisor or the Registrar (as the case may be).

#### Subpart 11—Amendments to Te Ture Whenua Maori Act 1993 15

- 156 Principal Act**  
This subpart amends Te Ture Whenua Maori Act 1993 (the **principal Act**).
- 157 Section 4 amended (Interpretation)** 20  
In section 4, insert in their appropriate alphabetical order:  
“**applicable auditing and assurance standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**  
“**applicable financial reporting standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012** 25  
“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**  
“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**  
“**non-GAAP standard** has the same meaning as in **section 5** 30 of the Financial Reporting Act **2012**  
“**specified non-profit not-for-profit entity** has the same meaning as in **section 45** of the Financial Reporting Act **2012**”.

**158 Section 276 replaced (Accounts and statement of financial position)**

Replace section 276 with:

**“276 Accounting records to be kept**

“(1) Every Maori incorporation must ensure that there are kept at all times accounting records that— 5

“(a) correctly record the transactions of the incorporation; and

“(b) will enable the incorporation to ensure that the financial statements of the incorporation comply with this Act; and 10

“(c) will enable the financial statements of the incorporation to be readily and properly audited.

“(2) Every Maori incorporation must establish and maintain a satisfactory system of control of its accounting records. 15

**“276A Financial statements must be prepared**

“(1) The committee of management of every Maori incorporation must, within 18 months after the making of the order of incorporation, and subsequently at least once in every calendar year, submit to a general meeting of shareholders financial statements for a period ending on a date not earlier than 6 months before the meeting. 20

“(2) The financial statements must be prepared in accordance with,—

“(a) in the case of a specified ~~non-profit~~ not-for-profit entity, generally accepted accounting practice; or 25

“(b) in any other case, either generally accepted accounting practice or a non-GAAP standard that applies for the purposes of this section.

“(3) The financial statements must be accompanied by— 30

“(a) the auditor’s report made under section 277 (if any); and

“(b) a report by the committee of management in respect of the state of the incorporation’s affairs and the amount, if any, that the committee has determined is available for the purposes of section 259(1)(c); and 35

“(c) in respect of the assets of the incorporation, a statement setting out the estimated current market value of the assets, together with a statement of the liabilities, if any, of

the body corporate charged on or relating particularly to those assets (unless this information is already included in the financial statements).

- “(4) If the assets of the incorporation include any interest in land, the current market value of that interest for the purposes of **subsection (3)(c)** must, if it is separately valued in the district valuation roll, be treated as the capital value of the interest as appearing on that roll. 5

**“276B Financial statements must be filed**

- “(1) The committee of management of a Maori incorporation must ensure that copies of the financial statements and other documents referred to in **section 276A** are filed with the Registrar in whose court district the land is situated, for the purpose of public inspection, within 14 days after their submission to a general meeting of shareholders. 10 15
- “(2) Copies filed under this section must be available for inspection by the public during the office hours of the court on payment of the fee (if any) prescribed for that purpose.”

**159 Section 277 amended (Appointment and duties of auditor)**

- (1) Replace section 277(1A) with: 20
- “(1A) This section does not apply to a Maori incorporation that is not a specified ~~non-profit~~ not-for-profit entity unless the shareholders of the Maori incorporation resolve by special resolution that the financial statements of the Maori incorporation should be audited or reviewed under this section.” 25
- (2) Replace section 277(4) to (6) with:
- “(4) No person may be appointed as auditor of a Maori incorporation unless that person is a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**).
- “(5) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a Maori incorporation). 30
- “(6) The auditor must—
- “(a) audit the financial statements that are to be submitted to the shareholders in a general meeting during the auditor’s tenure of office; and 35

- “(b) in carrying out the audit, comply with all applicable auditing and assurance standards.
- “(6A) If a Maori incorporation referred to in **subsection (1A)** has resolved that the financial statements should be reviewed, **subsection (6)** applies as if the references to an audit were refer- 5  
ences to a review.
- “(6B) The auditor’s report on the financial statements must—
- “(a) comply with the requirements of all applicable auditing and assurance standards; and
- “(b) state whether or not, in the auditor’s opinion, according 10  
to the best of the auditor’s information and the explanations given to the auditor, and as shown by the accounting records of the incorporation, any statement required by **section 276A(3)(c)** is properly drawn up so as to  
give a true and fair view of the state of the incorpor- 15  
ation’s affairs as at the end of its financial year; and
- “(c) state whether or not the share register and index of shareholders required by section 263 to be kept by the incorporation have been duly and correctly kept.”
- (3) Repeal section 277(8). 20
- 160 Section 281 amended (Power of court to require officers to attend to explain non-compliance with statutory requirements)**  
Replace section 281(1)(b) to (d) with:
- “(b) failure to keep accounting records as required by **sec- 25  
tion 276:**
- “(c) failure to submit to a general meeting of shareholders financial statements and such other statements and reports as are required by **section 276A:**
- “(d) failure to file in the court the financial statements and 30  
other documents as required by **section 276B:**”.
- 161 Section 282 (Winding up of incorporation)**  
Replace section 282(1)(c) with:
- “(c) if default has been made in the submission to a general meeting of shareholders, or in the filing in the court, of 35  
the financial statements and other documents required

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by **sections 276A and 276B** to be so submitted and filed; or”.

**162 Transitional provision**

- (1) The principal Act, as amended by this subpart, applies to a Maori incorporation in relation to financial years that commence on or after the commencement of this section. 5
  - (2) The principal Act, as in force before the commencement of this section, continues to apply to a Maori incorporation in relation to financial years that commenced before the commencement of this section as if this Act had not been enacted. 10
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## Schedule 1

s 54

## Amendments to other Acts

**Agricultural and Pastoral Societies Act 1908 (1908 No 4)**

After section 12(r)(ii), insert:

- “(ia) the account of the income and expenditure of the society and the statement of the funds of the society must be prepared in accordance with,—
- “(A) in the case of a specified ~~non-profit~~ not-for-profit entity, generally accepted accounting practice; or
- “(B) in any other case, either generally accepted accounting practice or a non-GAAP standard that applies for the purposes of this section.”.

In section 12, insert as subsection (2): 15

“(2) In subsection (1)(r),—

- “(a) **non-GAAP standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**;
- “(b) **specified ~~non-profit~~ not-for-profit entity** has the meaning set out in **section 45** of the Financial Reporting Act **2012**;
- “(c) **generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**.”

**Armed Forces Canteens Act 1948 (1948 No 51)** 25

In section 2, insert in their appropriate alphabetical order:

- “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**
- “**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

Replace section 13 with:

“**13 Accounting records must be kept**

- “(1) The Council must ensure that there are kept at all times accounting records that—
- “(a) correctly record the transactions of the Council; and

**Armed Forces Canteens Act 1948 (1948 No 51)**—*continued*

- “(b) will enable the Council to ensure that the financial statements of the Council comply with this Act; and
- “(c) will enable the financial statements of the Council to be readily and properly audited.
- “(2) The Council must establish and maintain a satisfactory system of control of its accounting records. 5
- “(3) The accounting records must be kept—
- “(a) in written form in English; or
- “(b) in a form or manner in which they are easily accessible and convertible into written form in English. 10
- “13A Financial statements and annual report**
- “(1) The Council must ensure that, within 3<sup>5</sup> months after the end of the financial year, financial statements that comply with generally accepted accounting practice are—
- “(a) completed in relation to the Council and that financial year; and 15
- “(b) dated and signed on behalf of the Council by 2 members of the Council.
- “(2) The Council must, within 3<sup>5</sup> months after the end of the financial year, provide to the Minister a report of its proceedings and operations for that year, together with a copy of its financial statements for that year and a copy of the audit report on the financial statements. 20
- “(3) The Minister must present a copy of the report, of the financial statements, and of the audit report to the House of Representatives— 25
- “(a) not later than 10 working days after the Minister receives those documents; or
- “(b) if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament. 30
- “13B Financial statements must be audited**
- “(1) The Council must ensure that the financial statements of the Council are audited.

**Armed Forces Canteens Act 1948 (1948 No 51)**—*continued*

“(2) The Council is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.”

**Building Research Levy Act 1969 (1969 No 23)**

In section 2, insert in their appropriate alphabetical order: 5

“**applicable auditing and assurance standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”. 10

Replace section 11 with:

**“11 Accounting records must be kept**

“(1) The association must ensure that there are kept at all times accounting records that— 15

“(a) correctly record the transactions of the association; and

“(b) will enable the association to ensure that the financial statements of the association comply with this Act; and

“(c) will enable the financial statements of the association to be readily and properly audited. 20

“(2) The association must establish and maintain a satisfactory system of control of its accounting records.

“(3) The accounting records must be kept—

“(a) in written form in English; or

“(b) in a form or manner in which they are easily accessible and convertible into written form in English. 25

**“11A Financial statements must be prepared**

The association must ensure that, within ~~3~~ 5 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are— 30

“(a) completed in relation to the association and that financial year; and

“(b) dated and signed on behalf of the association by 2 members of the board of the association.”

**Building Research Levy Act 1969 (1969 No 23)**—*continued*

Replace the heading to section 12 with “**Appointment of auditor**”.

Replace section 12(1) with:

“(1) The association must, at its annual general meeting, appoint a person to hold office until its next annual general meeting as its auditor for the purpose of auditing its financial statements. 5

“(1A) No person is qualified for appointment as the auditor unless the person is a qualified auditor within the meaning of **section 34** of the Financial Reporting Act **2012**.

“(1B) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to the association).” 10

Repeal section 12(4) to (6).

After section 12, insert:

**“12A Auditing of financial statements**

“(1) As soon as practicable after the end of each financial year, the board of the association must send the financial statements for the financial year to the auditor. 15

“(2) The auditor must, in carrying out an audit for the purposes of **subsection (1)**, comply with all applicable auditing and assurance standards. 20

“(3) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards.

“(4) The board of the association must, after receiving a copy of the auditor’s report, submit the financial statements and the report to the next annual general meeting of the association for the approval of the meeting. 25

“(5) **Section 207R** of the Companies Act 1993 (which relates to the auditor’s right to attend a meeting of shareholders) applies with all necessary modifications to the association as if it were a company registered under that Act.” 30

In the heading to section 13, replace “**statement of financial position**” with “**financial statements**”.

In section 13(1), (2), and (3), replace “income and expenditure account and statement of financial position” with “financial statements”. 35

**Burial and Cremation Act 1964 (1964 No 75)**

In section 2(1), insert in their appropriate alphabetical order:

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012** 5

“~~non-GAAP standard~~ has the same meaning as in **section 5** of the Financial Reporting Act **2012**

“~~specified non-profit not-for-profit~~ **entity** has the same meaning as in **section 45** of the Financial Reporting Act **2012**” 10

Replace section 29 with:

**“29 Accounting records must be kept**

“(1) Trustees must ensure that there are kept at all times accounting records that— 15

“(a) correctly record the transactions of the trustees; and

“(b) will enable the trustees to ensure that the financial statements of the trustees comply with this Act; and

“(c) will enable the financial statements of the trustees to be readily and properly audited. 20

“(2) Trustees must establish and maintain a satisfactory system of control of those accounting records.

“(3) The accounting records must be kept—

“(a) in written form in English; or

“(b) in a form or manner in which they are easily accessible and convertible into written form in English. 25

**“29A Financial statements**

“(1) Trustees must ensure that, within 3 5 months after the end of the financial year ending on 31 March, financial statements are— 30

“(a) completed in relation to the trustees and that financial year; and

“(b) dated and signed on behalf of the trustees by 2 of the trustees.

“(2) The financial statements must be prepared in accordance with,— 35

**Burial and Cremation Act 1964 (1964 No 75)—continued**

- “(a) in the case of a specified ~~non-profit~~ not-for-profit entity, generally accepted accounting practice; or
- “(b) in any other case, either generally accepted accounting practice or a non-GAAP standard that applies for the purposes of this section.

5

**“29B Financial statements must be audited**

- “(1) Trustees must ensure that the financial statements of the trustees are audited.
- “(2) Trustees are public entities as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is their auditor.”

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**Cadastral Survey Act 2002 (2002 No 12)**

In section 4, insert in their appropriate alphabetical order:

- “**applicable auditing and assurance standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**
- “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**
- “**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

15

Replace section 19 with:

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**“19 Accounting records must be kept**

- “(1) The Board must ensure that there are kept at all times accounting records that—
  - “(a) correctly record the transactions of the Board; and
  - “(b) will enable the Board to ensure that the financial statements of the Board comply with this Act; and
  - “(c) will enable the financial statements of the Board to be readily and properly audited.
- “(2) The Board must establish and maintain a satisfactory system of control of those accounting records.
- “(3) The accounting records must be kept—
  - “(a) in written form in English; or
  - “(b) in a form or manner in which they are easily accessible and convertible into written form in English.

25

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**Cadastral Survey Act 2002 (2002 No 12)**—*continued***“19A Financial statements must be prepared**

The Board must ensure that, within 3 5 months after the end of the financial year ending on 30 June, financial statements that comply with generally accepted accounting practice are—

- “(a) completed in relation to the Board and that financial year; and 5
- “(b) dated and signed on behalf of the Board by 2 members of the Board.

**“19B Financial statements must be audited**

“(1) The Board must ensure that the financial statements of the Board are audited by a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**). 10

“(2) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to the Board). 15

“(3) The auditor must, in carrying out an audit for the purposes of **subsection (1)**, comply with all applicable auditing and assurance standards.

“(4) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards.” 20

In section 20(2), replace “accounts” with “financial statements”.

**Community Trusts Act 1999 (1999 No 54)**

Replace section 13 with:

**“13 Community trusts must prepare financial statements**

“(1) A community trust must ensure that, within 3 5 months after the balance date of the trust, financial statements that comply with generally accepted accounting practice are— 25

- “(a) completed in relation to the trust and that balance date; and
- “(b) signed on behalf of the trust by 2 trustees of the trust. 30

“(2) In addition to complying with **subsection (1)**, the financial statements of a community trust must show separately—

- “(a) the names of persons or organisations to whom distributions of income and capital have been approved or paid

**Community Trusts Act 1999 (1999 No 54)**—*continued*

- by the community trust under section 12 in the relevant accounting period; and
- “(b) the amounts approved or paid.
- “(3) In this section and **sections 13A to 13C**,—
- “**applicable auditing and assurance standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**
- “**applicable financial reporting standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**
- “**balance date** means the close of 31 March
- “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**
- “**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**.
- “**13A Financial statements must be audited**
- “(1) A community trust must ensure that its financial statements are audited by a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**).
- “(2) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a community trust).
- “(3) The auditor must, in carrying out an audit, comply with all applicable auditing and assurance standards.
- “(4) The auditor’s report on the financial statements must comply with the requirements of all applicable auditing and assurance standards.
- “**13B Distribution and publication of financial statements**
- “(1) Unless directed otherwise by the Minister, the trustees of a community trust must, not later than 31 August in each year,—
- “(a) send the financial statements of the trust and the auditor’s report to the Minister; and
- “(b) publish copies of those financial statements and the auditor’s report on an Internet site maintained by or on behalf of the trust.

**Community Trusts Act 1999 (1999 No 54)**—*continued*

- “(2) Despite **subsection (1)(b)**, the trustees are not required to publish on the Internet site the information specified in **section 13(2)** if the trustees publish on the Internet site, with the financial statements and auditor’s report, a statement that a list of all distributions of income and capital approved or paid by the community trust in the relevant accounting period is available, on request, from the office of the trust. 5
- “13C Financial reporting offences**
- “(1) **Subsection (2)** applies if—
- “(a) the financial statements of a community trust— 10
- “(i) are not completed and signed within the time specified in **section 13**; or
- “(ii) fail to comply with an applicable financial reporting standard; or
- “(b) a community trust fails to comply with **section 13A or 13B** (which relates to auditing and distribution and publication of financial statements). 15
- “(2) Every trustee commits an offence and is liable on ~~summary~~ conviction to a fine not exceeding \$50,000.
- “(3) It is a defence to a trustee charged with an offence under this section in respect of a requirement referred to in **subsection (1)** if the trustee proves that— 20
- “(a) the community trust took all reasonable and proper steps to ensure that the requirement would be complied with; or 25
- “(b) the trustee took all reasonable steps to ensure that the requirement would be complied with; or
- “(c) in the circumstances, the trustee could not reasonably have been expected to take steps to ensure that the requirement would be complied with.” 30

**Engineering Associates Act 1961 (1961 No 70)**

Replace section 27 with:

**“27 Financial statements**

- “(1) The Board must ensure that, within 3 5 months after the end of the financial year ending on 31 March, financial statements 5  
that comply with generally accepted accounting practice are—  
“(a) completed in relation to the Board and that financial  
year; and  
“(b) dated and signed on behalf of the Board by 2 members  
of the Board. 10
- “(2) In this section and **section 27A**,—  
“**financial statements** has the same meaning as in **section 6**  
of the Financial Reporting Act **2012**  
“**generally accepted accounting practice** has the same mean-  
ing as in **section 8** of the Financial Reporting Act **2012**. 15

**“27A Financial statements must be audited**

- “(1) The Board must ensure that the financial statements of the  
Board are audited.
- “(2) The Board is a public entity as defined in section 4 of the Public  
Audit Act 2001 and, in accordance with that Act, the Auditor- 20  
General is its auditor.”

**Export Guarantee Act 1964 (1964 No 50)**

Replace section 22 with:

**“22 Financial statements and annual report must be prepared**

- “(1) The General Manager must ensure that, within 3 months after 25  
the end of the financial year,—  
“(a) financial statements that comply with generally ac-  
cepted accounting practice are—  
“**(i)** completed in relation to the Office and that finan-  
cial year; and 30  
“**(ii)** dated and signed by the General Manager; and  
“**(b)** a report of the operations of the Office for that financial  
year is completed.
- “**(2)** The General Manager must forward the financial statements,  
the audit report on those statements, and the report referred to 35  
in **subsection (1)(b)** to the Minister.

**Export Guarantee Act 1964 (1964 No 50)**—*continued*

~~“(3) The Minister must present the financial statements and reports to the House of Representatives—~~

~~“(a) not later than 10 working days after the Minister receives those documents; or~~

~~“(b) if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.~~ 5

~~“(4) In this section,—~~

~~“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**~~

~~“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**.”~~ 10

**Maori Community Development Act 1962 (1962 No 133)**

Replace the heading to section 28 with “Accounting records and financial reporting”.

In section 28, replace “With respect to the books of account” with “With respect to the accounting records and financial reporting”. 15

In section 28(a), replace “books to be provided and” with “accounting records to be”.

In section 28(b), replace “books” with “accounting records”.

In section 28(c), replace “books and accounts” with “accounting records”. 20

Replace section 28(d) to (f) with:

“(d) within ~~3~~ 5 months after the end of each financial year, every Maori Association must ensure that financial statements that comply with generally accepted accounting practice are completed in relation to the Maori Association and that financial year: 25

“(e) every such financial statement must be audited by a qualified auditor appointed by the Maori Association concerned or by some other person approved in that behalf by the chief executive: 30

“(f) the New Zealand Maori Council and each District Maori Council must submit a copy of its audited financial statements to the chief executive and each Maori Committee and Maori Executive Committee must 35

**Maori Community Development Act 1962 (1962  
No 133)**—*continued*

submit a copy of its audited financial statements to the District Maori Council in whose district it operates.”

In section 28, insert as subsections (2) to (5):

- “(2) The auditor must, in carrying out an audit for the purposes of **subsection (1)(e)**, comply with all applicable auditing and assurance standards. 5
- “(3) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards.
- “(4) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to the audit under **subsection (1)(e)**). 10
- “(5) In this section,—
- “**applicable auditing and assurance standards** has the same meaning as in **section 5** of the Financial Reporting Act **2012** 15
- “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**
- “**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**
- “**qualified auditor** has the same meaning as in **section 34** of the Financial Reporting Act **2012**.” 20

**Maori Purposes Fund Act 1934-35 (1934 No 45)**

Replace section 6 with:

- “**6 Financial statements and audit**
- “(1) The Maori Trustee must ensure that, within ~~3~~ 5 months after the end of the financial year, financial statements are completed in relation to the Board and that financial year. 25
- “(2) The financial statements must be prepared in accordance with—
- “(a) generally accepted accounting practice if the Board is a specified ~~non-profit~~ not-for-profit entity; or 30

**Maori Purposes Fund Act 1934-35 (1934 No 45)—continued**

- “(b) in any other case, either generally accepted accounting practice or a non-GAAP standard that applies for the purposes of this section.
- “(3) The Maori Trustee must ensure that the financial statements of the Board are audited by the Auditor-General. 5
- “(4) In this section,—
- “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**
- “**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012** 10
- “**non-GAAP standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**
- “**specified non-profit not-for-profit entity** has the same meaning as in **section 45** of the Financial Reporting Act **2012.**” 15
- In section 14(1), replace “statements and statement of financial position” with “financial statements”.

**New Zealand Council for Educational Research Act 1972 (1972 No 35)**

- In section 2, insert in their appropriate alphabetical order: 20
- “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**
- “**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.
- Replace section 28 with: 25
- “28 Accounting records must be kept**
- “(1) The Council must ensure that there are kept at all times accounting records that—
- “(a) correctly record the transactions of the Council; and
- “(b) will enable the Council to ensure that the financial statements of the Council comply with this Act; and 30
- “(c) will enable the financial statements of the Council to be readily and properly audited.
- “(2) The Council must establish and maintain a satisfactory system of control of those accounting records. 35

**New Zealand Council for Educational Research Act 1972 (1972 No 35)**—*continued*

- “(3) The accounting records must be kept—
- “(a) in written form in English; or
  - “(b) in a form or manner in which they are easily accessible and convertible into written form in English.
- “**28A Financial statements must be prepared** 5
- The Council must ensure that, within ~~3~~5 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are—
- “(a) completed in relation to the Council and that financial year; and 10
  - “(b) dated and signed on behalf of the Council by 2 members of the Council.
- “**28B Financial statements must be audited**
- “(1) The Council must ensure that the financial statements of the Council are audited. 15
- “(2) The Council is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.”
- Replace section 32(2) with:
- “(2) The annual report must contain the financial statements of the Board for the financial year and the audit report on those statements.” 20
- New Zealand Horticulture Export Authority Act 1987 (1987 No 93)**
- In section 2, insert in their appropriate alphabetical order: 25
- “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**
  - “**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

**New Zealand Horticulture Export Authority Act 1987 (1987 No 93)**—*continued*

Replace section 57 with:

**“57 Financial statements must be prepared**

The Authority must ensure that, within ~~3~~5 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are—

- “(a) completed in relation to the Authority and that financial year; and
- “(b) dated and signed on behalf of the Authority by 2 members of the Authority.

5

**“57A Financial statements must be audited**

10

“(1) The Authority must ensure that the financial statements of the Authority are audited.

“(2) The Authority is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.”

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In the heading to section 58, replace “**statement of accounts**” with “**financial statements**”.

In section 58(1) and (2), replace “accounts” with “financial statements” in each place.

**New Zealand Maori Arts and Crafts Institute Act 1963 (1963 No 51)**

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In section 2, insert in their appropriate alphabetical order:

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

25

Replace section 24 with:

**“24 Accounting records must be kept**

“(1) The Institute must ensure that there are kept at all times accounting records that—

30

- “(a) correctly record the transactions of the Institute; and
- “(b) will enable the Institute to ensure that the financial statements of the Institute comply with this Act; and

**New Zealand Maori Arts and Crafts Institute Act 1963 (1963 No 51)—continued**

- “(c) will enable the financial statements of the Institute to be readily and properly audited.
- “(2) The Institute must establish and maintain a satisfactory system of control of those accounting records.
- “24A Financial statements must be prepared** 5
- The Institute must ensure that, within ~~3~~ 5 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are—
- “(a) completed in relation to the Institute and that financial year; and 10
- “(b) dated and signed on behalf of the Institute by 2 members of the Institute.
- “24B Financial statements must be audited**
- “(1) The Institute must ensure that the financial statements of the Institute are audited. 15
- “(2) The Institute is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.”
- In section 25(1) and (2), replace “accounts” with “financial statements”. 20
- Ngarimu VC and 28th (Maori) Battalion Memorial Scholarship Fund Act 1945 (1945 No 33)**
- Replace section 14 with:
- “14 Financial statements must be prepared**
- The Board must ensure that, within ~~3~~ 5 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are— 25
- “(a) completed in relation to the Board and that financial year; and
- “(b) dated and signed on behalf of the Board by 2 members of the Board. 30

**Ngarimu VC and 28th (Maori) Battalion Memorial Scholarship Fund Act 1945 (1945 No 33)—*continued***

**“14A Financial statements must be audited**

“(1) The Board must ensure that the financial statements of the Board are audited.

“(2) The Board is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.” 5

Replace section 15 with:

**“15 Annual report**

“(1) As soon as practicable after the end of each financial year, the Board must provide to the Minister a report of its operations and proceedings during that year, together with a copy of its financial statements for that year with the audit report on those statements. 10

“(2) The Minister must present a copy of the report, the financial statements, and the audit report to the House of Representatives— 15

“(a) not later than 10 working days after the Minister receives those documents; or

“(b) if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.” 20

**Ngati Tuwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010 (2010 No 119)**

In Schedule 4, after clause 15(2), insert:

“(2A) The financial statements referred to in subclause (2)(g) and (h) must comply with generally accepted accounting practice (within the meaning of **section 8** of the Financial Reporting Act **2012**).” 25

**Pacific Islands Polynesian Education Foundation Act 1972 (1972 No 138)**

In section 2, insert in their appropriate alphabetical order: 30

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

**Pacific Islands Polynesian Education Foundation Act 1972**  
**(1972 No 138)**—*continued*

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

Replace sections 28 to 29A with:

**“28 Accounting records must be kept**

- “(1) The Board must ensure that there are kept at all times accounting records that— 5
- “(a) correctly record the transactions of the Foundation; and
  - “(b) will enable the Board to ensure that the financial statements of the Foundation comply with this Act; and 10
  - “(c) will enable the financial statements of the Foundation to be readily and properly audited. 10
- “(2) The Board must establish and maintain a satisfactory system of control of those accounting records.
- “(3) The accounting records must be kept—
- “(a) in written form in English; or 15
  - “(b) in a form or manner in which they are easily accessible and convertible into written form in English.
- “(4) Separate accounting records must be kept in respect of every trust fund or trust property under the control of the Board.
- “(5) The accounting records must be open at all reasonable times to the inspection of any ~~Trustee~~ trustee. 20

**“29 Financial statements must be prepared**

The Board must ensure that, within 3 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are— 25

- “(a) completed in relation to the Foundation and that financial year; and
- “(b) dated and signed on behalf of the Board by 2 members of the Board.

**“29A Financial statements must be audited**

- “(1) The Board must ensure that the financial statements of the Foundation are audited. 30

**Pacific Islands Polynesian Education Foundation Act 1972  
(1972 No 138)—continued**

“(2) The Foundation is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.”

In section 30(1), replace “its accounts” with “the financial statements of the Foundation”. 5

In section 30(2), replace “accounts” with “financial statements”.

**Patriotic and Canteen Funds Act 1947 (1947 No 63)**

In section 2, insert in their appropriate alphabetical order:

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012** 10

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**

“**non-GAAP standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**

“**specified non-profit not-for-profit entity** has the same meaning as in **section 45** of the Financial Reporting Act **2012**”. 15

Replace section 40 with:

**“40 Accounting records must be kept**

“(1) Each Council must ensure that there are kept at all times accounting records that— 20

“(a) correctly record the transactions of the Council; and

“(b) will enable the Council to ensure that the financial statements of the Council comply with this Act; and

“(c) will enable the financial statements of the Council to be readily and properly audited. 25

“(2) Each Council must establish and maintain a satisfactory system of control of those accounting records.

“(3) The accounting records must be kept—

“(a) in written form in English; or 30

“(b) in a form or manner in which they are easily accessible and convertible into written form in English.

**Patriotic and Canteen Funds Act 1947 (1947 No 63)**—*continued***“40A Financial statements must be prepared**

“(1) Each Council must ensure that, within ~~3~~ 5 months after the end of the financial year, financial statements are—

“(a) completed in relation to the Council and that financial year; and 5

“(b) dated and signed on behalf of the Council by 2 members of the Council.

“(2) The financial statements must be prepared in accordance with,—

“(a) in the case of a specified ~~non-profit~~ not-for-profit entity, generally accepted accounting practice; or 10

“(b) in any other case, either generally accepted accounting practice or a non-GAAP standard that applies for the purposes of this section.

**“40B Financial statements must be audited**

15

“(1) Each Council must ensure that the financial statements of the Council are audited.

“(2) Each Council is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor. 20

**“40C Accounts for money expended or property applied under section 38(2)**

“(1) Each person or body of persons authorised to expend any money or apply any property on behalf of any Council under section 38(2) must keep full and correct accounts of all such money or property received and expended or applied by him, her, or it. 25

“(2) The accounts must be audited by the Auditor-General or by an auditor appointed for the purpose by the Auditor-General, in the same manner as if that money and that property were the money and property of a public entity as defined in section 4 of the Public Audit Act 2001.” 30

**Reserves Act 1977 (1977 No 66)**

In section 2(1), insert in their appropriate alphabetical order:

“**applicable financial reporting standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012** 5

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**

“**non-GAAP standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012** 10

“**specified non-profit not-for-profit entity** has the same meaning as in **section 45** of the Financial Reporting Act **2012**”.

After section 39A, insert:

“**39B Financial statements may comply with standards rather than generally accepted accounting practice** 15

If a board is not a specified ~~non-profit~~ not-for-profit entity,—

“(a) section 154(3)(a) of the Crown Entities Act 2004 does not apply; and

“(b) the financial statements of the board (if any) must comply with either generally accepted accounting practice or a non-GAAP standard that applies for the purposes of this section.” 20

In section 69, replace “1 month” with “3 5 months”.

Replace the heading to section 88 with “**Financial statements and audit**”. 25

Replace section 88(1) with:

“(1) Every administering body, not being a board, must ensure that, within 3 5 months after the end of the financial year ending on 30 June, financial statements are— 30

“(a) completed in relation to the administering body and that financial year; and

“(b) dated and signed on behalf of the administering body by 2 members or officers of the body; and

“(c) submitted to the Auditor-General for audit. 35

“(1A) The financial statements must be prepared in accordance with,—

**Reserves Act 1977 (1977 No 66)**—*continued*

“(a) in the case of a specified ~~non-profit~~ not-for-profit entity, generally accepted accounting practice; or

“(b) in any other case, either generally accepted accounting practice or a non-GAAP standard that applies for the purposes of this section. 5

“(1B) **Subsection (1)** is subject to subsection (4).”

In section 88(2) and (5), replace “accounts” with “financial statements” in each place.

In section 88(4), replace “that statement” with “those financial statements”. 10

In section 122(2), replace “statements of assets and liabilities and accounts” with “financial statements”.

**Reserves and Other Lands Disposal Act 1995 (1995 No 54)**

Replace section 10 with:

“**10 Financial statements must be prepared** 15

“(1) The Ngati Whakaue Education Endowment Trust Board must ensure that, within ~~3~~ 5 months after the end of the financial year, financial statements are—

“(a) completed in relation to the Board and that financial year; and 20

“(b) dated and signed on behalf of the Board by 2 members of the Board.

“(2) The financial statements must be prepared in accordance with—

“(a) generally accepted accounting practice if the Ngati Whakaue Education Endowment Trust Board is a specified ~~non-profit~~ not-for-profit entity; or 25

“(b) in any other case, either generally accepted accounting practice or a non-GAAP standard that applies for the purposes of this section. 30

“(3) In this section and **sections 10A and 11**,—

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012** 35

**Reserves and Other Lands Disposal Act 1995 (1995 No 54)—continued**

“**non-GAAP standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**

“**specified non-profit not-for-profit entity** has the same meaning as in **section 45** of the Financial Reporting Act **2012**.”

5

**“10A Financial statements must be audited**

“(1) The Ngati Whakaue Education Endowment Trust Board must ensure that the financial statements of the Board are audited.

“(2) The Ngati Whakaue Education Endowment Trust Board is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.”

10

Replace section 11 with:

**“11 Annual report**

“(1) The Ngati Whakaue Education Endowment Trust Board must, within 1 month after the receipt of the audit report on the financial statements, provide to the Minister of Education a report of its proceedings and operations for its preceding financial year, a copy of its financial statements for that year, and a copy of the audit report.

20

“(2) The Minister must present a copy of the report, of the financial statements, and of the audit report to the House of Representatives—

“(a) not later than 10 working days after the Minister receives those documents; or

25

“(b) if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.”

**Taranaki Scholarships Trust Board Act 1957 (1957 No 108)**

In section 2, insert in their appropriate alphabetical order:

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

30

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

**Taranaki Scholarships Trust Board Act 1957 (1957 No 108)—continued**

Replace section 21 with:

**“21 Accounting records must be kept**

“(1) The Board must ensure that there are kept at all times accounting records that—

“(a) correctly record the transactions of the Board; and 5

“(b) will enable the Board to ensure that the financial statements of the Board comply with this Act; and

“(c) will enable the financial statements of the Board to be readily and properly audited.

“(2) The Board must establish and maintain a satisfactory system of control of those accounting records. 10

“(3) The accounting records must be kept—

“(a) in written form in English; or

“(b) in a form or manner in which they are easily accessible and convertible into written form in English. 15

**“21A Financial statements must be prepared**

“(1) The Board must ensure that, within ~~3~~5 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are—

“(a) completed in relation to the Board and that financial year; and 20

“(b) dated and signed on behalf of the Board by 2 members of the Board.

“(2) The financial year of the Board ends on the date that the Board may from time to time determine. 25

**“21B Financial statements must be audited**

“(1) The Board must ensure that the financial statements of the Board are audited.

“(2) The Board is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.” 30

**Taranaki Scholarships Trust Board Act 1957 (1957 No 108)**—*continued*

Replace section 22 with:

**“22 Annual report to Minister**

The Board must, within 1 month after the receipt of the audit report on the financial statements, provide to the Minister of Education a report of its proceedings and operations for its preceding financial year, a copy of its financial statements for that year, and a copy of the audit report.”

5

**Taratahi Agricultural Training Centre (Wairarapa) Act 1969 (1969 No 138)**

In section 2, insert in their appropriate alphabetical order:

10

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

Replace section 14 with:

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**“14 Accounting records must be kept**

“(1) The trust board must ensure that there are kept at all times accounting records that—

“(a) correctly record the transactions of the trust board; and

“(b) will enable the trust board to ensure that the financial statements of the trust board comply with this Act; and

20

“(c) will enable the financial statements of the trust board to be readily and properly audited.

“(2) The trust board must establish and maintain a satisfactory system of control of those accounting records.

25

“(3) The accounting records must be kept—

“(a) in written form in English; or

“(b) in a form or manner in which they are easily accessible and convertible into written form in English.

**“14A Financial statements must be prepared**

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The trust board must ensure that, within 3 months after the end of the financial year ending on 31 December, financial state-

**Taratahi Agricultural Training Centre (Wairarapa) Act 1969  
(1969 No 138)—continued**

ments that comply with generally accepted accounting practice are—

- “(a) completed in relation to the trust board and that financial year; and
- “(b) dated and signed on behalf of the trust board by 2 members of the trust board. 5

**“14B Financial statements must be audited**

- “(1) The trust board must ensure that the financial statements of the trust board are audited.
- “(2) The trust board is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.” 10

Replace section 17 with:

**“17 Annual report**

The trust board must provide to the Minister a report of its operations during each year ending on 31 December, a copy of its financial statements for that year, and a copy of the audit report on those statements, as soon as practicable after the end of that year.” 15

**War Pensions Act 1954 (1954 No 54)**

20

In section 2(1), insert in their appropriate alphabetical order:

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”. 25

Replace section 180 with:

**“180 Accounting records must be kept**

- “(1) The Advisory Board must ensure that there are kept at all times accounting records that—
- “(a) correctly record the transactions of the Advisory Board; and 30

**War Pensions Act 1954 (1954 No 54)—continued**

- “(b) will enable the Advisory Board to ensure that the financial statements of the Advisory Board comply with this Act; and
- “(c) will enable the financial statements of the Advisory Board to be readily and properly audited. 5
- “(2) The Advisory Board must establish and maintain a satisfactory system of control of those accounting records.
- “(3) The accounting records must be kept—
- “(a) in written form in English; or
- “(b) in a form or manner in which they are easily accessible and convertible into written form in English. 10

**“180A Financial statements must be prepared**

The Advisory Board must ensure that, within ~~3~~5 months after the end of the financial year ending on 31 March, financial statements that comply with generally accepted accounting practice are— 15

- “(a) completed in relation to the Advisory Board and that financial year; and
- “(b) dated and signed on behalf of the Advisory Board by 2 members of the Board. 20

**“180B Financial statements must be audited**

- “(1) The Advisory Board must ensure that the financial statements of the Advisory Board are audited.
- “(2) The Advisory Board is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.” 25

**Winston Churchill Memorial Trust Act 1965 (1965 No 39)**

In section 2, insert in their appropriate alphabetical order:

- “**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012** 30
- “**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

**Winston Churchill Memorial Trust Act 1965 (1965 No 39)—continued**

Replace section 21 with:

**“21 Accounting records must be kept**

“(1) The Board must ensure that there are kept at all times accounting records that—

- “(a) correctly record the transactions of the Board; and 5
- “(b) will enable the Board to ensure that the financial statements of the Board comply with this Act; and
- “(c) will enable the financial statements of the Board to be readily and properly audited.

“(2) The Board must establish and maintain a satisfactory system of control of those accounting records. 10

“(3) The accounting records must be kept—

- “(a) in written form in English; or
- “(b) in a form or manner in which they are easily accessible and convertible into written form in English. 15

**“21A Financial statements must be prepared**

The Board must ensure that, within ~~3~~ 5 months after the end of the financial year ending on 31 March, financial statements that comply with generally accepted accounting practice are—

- “(a) completed in relation to the Board and that financial year; and 20
- “(b) dated and signed on behalf of the Board by 2 members of the Board.

**“21B Financial statements must be audited**

“(1) The Board must ensure that the financial statements of the Board are audited. 25

“(2) The Board is a public entity as defined in section 4 of the Public Audit Act 2001 and, in accordance with that Act, the Auditor-General is its auditor.”

Replace section 23 with: 30

**“23 Annual report**

“(1) The Board must, not later than ~~30 June~~ 31 August in every year, provide to the Minister a report of its proceedings and operations for its preceding financial year, together with a copy

**Winston Churchill Memorial Trust Act 1965 (1965 No 39)**—*continued*

of its financial statements for that year and a copy of the audit report.

“(2) The Minister must present a copy of the report, of the financial statements, and of the audit report to the House of Representatives—

5

“(a) not later than 10 working days after the Minister receives those documents; or

“(b) if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.”

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## Schedule 2

s 55

## Consequential amendments

**Auditor Regulation Act 2011 (2011 No 21)**

In section 6(1), replace the definition of **auditing and assurance standard** with: 5

“**auditing and assurance standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**”.

In section 6(1), replace the definition of **financial statements** with:

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**”. 10

In section 6(1), replace the definition of **group financial statements** with:

“**group financial statements** has the same meaning as in **section 7** of the Financial Reporting Act **2012**”.

**Biosecurity Act 1993 (1993 No 95)** 15

Replace section 95B(3) with:

“(3) No person is qualified for appointment as an auditor unless the person is a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**).”

Replace section 100P(6) with: 20

“(6) No person is qualified for appointment as an auditor unless the person is a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**).”

Replace section 100ZF(6) with:

“(6) No person is qualified for appointment as an auditor unless the person is a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**).” 25

Replace section 141B(3) with:

“(3) No person is qualified for appointment as an auditor unless the person is a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**).” 30

**Broadcasting Act 1989 (1989 No 25)**

In section 2(1), replace the definition of **total revenue** with:

“**total revenue** means all income classified as revenue by the applicable financial reporting standard (within the meaning of **section 5** of the Financial Reporting Act **2012**)”.

5

**Chartered Professional Engineers of New Zealand Act 2002 (2002 No 17)**

In section 54(2)(b), delete “annual”.

In the heading to section 55, replace “**Annual financial**” with “**Financial**”.

10

Replace section 55(1) and (2) with:

“(1) The Council must ensure that, within 3 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are—

“(a) completed in relation to the Council and that financial year; and

15

“(b) dated and signed on behalf of the Council by 2 members of the Council.

“(2) The financial statements must contain, in relation to each financial statement, budgeted figures for the financial year.

20

“(2A) In this Act,—

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**.”

25

In section 55(3)(a), delete “annual”.

In section 56(1), replace “90 days” with “3 months”.

In section 56(1), delete “annual”.

**Climate Change Response Act 2002 (2002 No 40)**

In section 4(1), replace the definition of **entity** with:

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“**entity**, in relation to a group, means a reporting entity or a reporting entity’s subsidiary, within the meaning of **section 5** of the Financial Reporting Act **2012**”.

**Climate Change Response Act 2002 (2002 No 40)**—*continued*

In section 4(1), replace the definition of **group** with:

“**group** has the same meaning as in **section 5** of the Financial Reporting Act **2012**”.

**Commerce Act 1986 (1986 No 5)**

In section 2(1), replace the definition of **accounting period** with: 5

“**accounting period** has the same meaning as in **section 5** of the Financial Reporting Act **2012**”.

**Commodity Levies Act 1990 (1990 No 127)**

Replace section 15(3) with:

“(3) No person is qualified for appointment as an auditor unless the 10  
person is a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**).”

**Companies Act 1993 (1993 No 105)**

In section 164(1), delete “or the Financial Reporting Act 1993”.

In section 170, delete “or the Financial Reporting Act 1993”. 15

In section 172, delete “or the Financial Reporting Act 1993”.

Repeal section 239AI(1)(b)(iv).

Repeal section 258A(1)(d).

In section 365(1)(a), delete “or the Financial Reporting Act 1993” in 20  
each place.

**Co-operative Companies Act 1996 (1996 No 24)**

In section 10(1)(a), after “Companies Act 1993”, insert “(if any)”.

Replace section 10(1)(b) with:

“(b) the date that is 3<sup>5</sup> months after the balance date of the 25  
company,—”.

In section 10(4), after “annual report”, insert “(if any)”.

**Corporations (Investigation and Management) Act 1989 (1989 No 11)**

In section 71(5), replace “196” with “**207K**”.

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

In section 136(1), replace the definition of **generally accepted accounting practice** with:

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”. 5

**Crown Research Institutes Act 1992 (1992 No 47)**

In section 2, insert in their appropriate alphabetical order:

“**financial statements**, in relation to a Crown Research Institute, means—

“(a) group financial statements within the meaning of **section 7** of the Financial Reporting Act **2012** for the group comprising the Crown Research Institute and its Crown entity subsidiaries; or 10

“(b) if the Crown Research Institute does not have any Crown entity subsidiaries, financial statements within the meaning of **section 6** of the Financial Reporting Act **2012** for the Crown Research Institute 15

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

In the heading to section 17, replace “**accounts**” with “**financial statements**”. 20

Replace section 17(1)(b) with:

“(b) audited financial statements for that financial year prepared in accordance with generally accepted accounting practice; and”. 25

In section 21(1), replace “sections 196 to 203” with “**sections 207K to 207Q**”.

**Dairy Industry Restructuring Act 2001 (2001 No 51)**

In Schedule 4, replace clause 7(3) with:

“(3) **Sections 37(2) and (3) and 38(2) and (3)** of the Financial Reporting Act **2012** apply as if a failure to comply with this clause were a failure to comply with those sections.” 30

**Electoral Act 1993 (1993 No 87)**

Replace section 206K(f) with:

- “(f) a person who, by virtue of **section 35(1)** of the Financial Reporting Act **2012**, may not be appointed or act as an auditor of an entity; or”.

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**Electricity Industry Act 2010 (2010 No 116)**

Replace section 99(a) with:

- “(a) prepare financial statements in accordance with generally accepted accounting practice (within the meaning of **section 8** of the Financial Reporting Act **2012**) in relation to the trust for that financial year; and”.

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Replace section 101(4) to (6) with:

- “(4) An auditor of a customer trust or community trust—
- “(a) must be a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**) and, in selecting an auditor, the beneficiaries may seek the advice of the Auditor-General.
- “(b) must not be a trustee, a director, an employee, or an agent of the trust or of any distributor owned by the trust, or be otherwise disqualified from being an auditor under **section 35(4)(b) and (d)** of the Financial Reporting Act **2012**.
- “(5) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a customer trust or community trust).
- “(6) In addition, **sections 207B and 207O to 207R** of the Companies Act 1993 apply in relation to the auditor.
- “(7) Those sections of the Companies Act 1993 apply as if references to a company were to a trust, references to a director were to a trustee, references to a board were to the trustees, references to shareholders were to beneficiaries, references to a subsidiary were to a distributor owned by the trust and the distributor’s subsidiaries, and all other necessary modifications were made.”

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**Energy Companies Act 1992 (1992 No 56)**

In section 2(1), insert in their appropriate alphabetical order:

“**financial statements**, in relation to an energy company, means—

“(a) group financial statements within the meaning of **section 7** of the Financial Reporting Act **2012** for the group comprising the energy company and its subsidiaries; or

“(b) if the energy company does not have any subsidiaries, financial statements within the meaning of **section 6** of the Financial Reporting Act **2012** for the energy company

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

In the heading to section 44, replace “**accounts**” with “**financial statements**”.

Replace section 44(3)(b) with:

“(b) audited financial statements for that financial year prepared in accordance with generally accepted accounting practice; and”.

Repeal section 44(5).

In section 45(1), replace “sections 196 to 203” with “**sections 207K to 207Q**”.

In section 45(3)(c), replace “section 196(4)” with “**section 207M(3)**”.

In section 45(4), delete “consolidated”.

Replace section 46A(2) with:

“(3) In this section, **auditor** means a qualified auditor within the meaning of **section 34** of the Financial Reporting Act **2012**.”

**Farmers’ Mutual Group Act 2007 (2007 No 1 (P))** 30

Replace section 25(2)(c) and (d) with:

“(c) this Act.”

Repeal section 27.

Repeal section 37 and the cross-heading above section 37.

**Finance Act (No 2) 1990 (1990 No 73)**

In section 8(2)(a), delete “registered under the Financial Reporting Act 1993”.

**Financial Markets Authority Act 2011 (2011 No 5)**

In Schedule 1, Part 2, replace the item relating to the Financial Reporting Act 1993 with “Financial Reporting Act **2012**”. 5

**Gas Act 1992 (1992 No 124)**

Replace section 43ZR(a) with:

- “(a) forecast financial statements for the industry body that have been prepared in accordance with generally accepted accounting practice (within the meaning of **section 8** of the Financial Reporting Act **2012**); and” 10

Replace section 43ZW(1)(c) with:

- “(c) audited financial statements for the industry body for that financial year that have been prepared in accordance with generally accepted accounting practice (within the meaning of **section 8** of the Financial Reporting Act **2012**); and” 15

**Government Superannuation Fund Act 1956 (1956 No 47)**

In section 15K(3)(b), replace “section 2(1) of the Financial Reporting Act 1993” with “**section 5** of the Financial Reporting Act **2012**”. 20

In section 93(2), replace “section 3 of the Financial Reporting Act 1993” with “**section 8** of the Financial Reporting Act **2012**”.

**Housing Corporation Act 1974 (1974 No 19)**

Repeal section 56(3). 25

In section 56(4), replace “to (3)” with “and (2)”.

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

In section DB 35(1), definition of **new reporting standard**, replace “approved or issued under the Financial Reporting Act 1993” with “in effect under the Financial Reporting Act **2012**”. 30

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

In section EB 6(3), replace “approved or issued under the Financial Reporting Act 1993” with “in effect under the Financial Reporting Act **2012**”.

In section YA 1, definition of **financial institution**, delete “and to which section 15 of the Financial Reporting Act 1993 applies”. 5

In section YA 1, replace the definition of **financial statements** with:

“**financial statements** is defined in **section 6** of the Financial Reporting Act **2012**, but the references in that definition to an entity and to a reporting entity are to be read as references to a person”. 10

In section YA 1, replace the definition of **generally accepted accounting practice** with:

“**generally accepted accounting practice** is defined in **section 8** of the Financial Reporting Act **2012**”.

In section YA 1, definition of **IFRS**, replace “approved or issued under the Financial Reporting Act 1993” with “in effect under the Financial Reporting Act **2012**”. 15

In section YA 1, definition of **NZIAS 2**, replace “approved or issued under the Financial Reporting Act 1993” with “in effect under the Financial Reporting Act **2012**”. 20

In section YA 1, definition of **NZIAS 8**, replace “approved or issued under the Financial Reporting Act 1993” with “in effect under the Financial Reporting Act **2012**”.

In section YA 1, definition of **NZIAS 17**, replace “approved or issued under the Financial Reporting Act 1993” with “in effect under the Financial Reporting Act **2012**”. 25

In section YA 1, definition of **NZIAS 23**, replace “approved or issued under the Financial Reporting Act 1993” with “in effect under the Financial Reporting Act **2012**”.

In section YA 1, definition of **NZIAS 28**, replace “approved by the Accounting Standards Review Board” with “in effect under the Financial Reporting Act **2012**”. 30

In section YA 1, definition of **NZIAS 31**, replace “approved by the Accounting Standards Review Board” with “in effect under the Financial Reporting Act **2012**”. 35

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

In section YA 1, definition of **NZIAS 32**, replace “approved or issued under the Financial Reporting Act 1993” with “in effect under the Financial Reporting Act **2012**”.

In section YA 1, definition of **NZIAS 39**, replace “approved or issued under the Financial Reporting Act 1993” with “in effect under the Financial Reporting Act **2012**”.

**Incorporated Societies Act 1908 (1908 No 212)**

Replace section 23(4) with:

- “(4) Nothing in this section applies to a society that is—
- “(a) a person that is subject to **section 57** of the Financial Reporting Act **2012**; or
  - “(b) a charitable entity within the meaning of section 4(1) of the Charities Act 2005.”

**Industry Training Act 1992 (1992 No 55)**

In section 46(1)(a), after “generally accepted accounting practice”, insert “(within the meaning of **section 8** of the Financial Reporting Act **2012**)”.

**Insurance (Prudential Supervision) Act 2010 (2010 No 111)**

In section 6(1), replace the definition of **financial statements** with:

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**”.

In section 6(1), replace the definition of **group financial statements** with:

“**group financial statements** has the same meaning as in **section 7** of the Financial Reporting Act **2012**”.

In section 6(1), replace the definition of **subsidiary** with:

“**subsidiary**—

- “(a) means a subsidiary within the meaning of sections 5 to 8 of the Companies Act 1993; and
- “(b) in section 81(2), includes any entity that is classified as a subsidiary in any applicable financial reporting standard (within the meaning of **section 5** of the Financial Reporting Act **2012**)”.

**Insurance (Prudential Supervision) Act 2010 (2010 No 111)**—*continued*

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

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

Replace section 77(1) and (2) with:

“(1) A licensed insurer must ensure that the actuarial information 5  
contained in, or used in the preparation of, the financial statements or group financial statements of the insurer referred to in section 81(1) is reviewed by the appointed actuary.

“(2) The licensed insurer must take all practicable steps to ensure 10  
that the review is completed, and the report referred to in section 78 in respect of the review is prepared, before the date on which the financial statements or group financial statements are required to be given to the Bank under section 81.”

Replace section 79 with:

“**79 Provisions relating to auditor’s report** 15

A licensed insurer must ensure that the auditor’s report that is prepared in respect of the insurer’s financial statements or group financial statements is accompanied by the appointed actuary’s report prepared under section 78 when—

“(a) the auditor’s report is delivered for registration or lodgement 20  
under any enactment; and

“(b) the auditor’s report is included in the insurer’s annual report (in the case of an insurer that includes the auditor’s report in its annual report).”

In section 81(1), replace “under the Financial Reporting Act 1993” 25  
with “or lodged under any Act”.

In section 81(2), replace “5 months” with “3 months”.

In section 81(2)(c)(ii), replace “(within the meaning of section 2(1) of the Financial Reporting Act 1993)” with “of Companies”.

Repeal section 81(3). 30

In section 81(4)(b), delete “(within the meaning of section 3 of the Financial Reporting Act 1993)”.

In section 192(1), delete “, being a person or persons who are qualified for appointment as an auditor of a company under the Companies Act 1993 and who have been approved by the Bank” 35

**Insurance (Prudential Supervision) Act 2010 (2010 No 111)**—*continued*

After section 192(1), insert:

“(1A) The person or persons appointed to be the auditor under subsection (1) must be—

“(a) licensed auditors (within the meaning of section 6(1) of the Auditor Regulation Act 2011); and

“(b) approved by the Bank.”

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**Lawyers and Conveyancers Act 2006 (2006 No 1)**

In section 297, replace “chartered accountant” with “qualified auditor”.

In section 297, insert as subsection (2):

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“(2) No person is qualified for appointment as an auditor of the accounts unless the person is a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**).”

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

15

In section 5(1), replace the definition of **generally accepted accounting practice** with:

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

In section 70, replace “sections 196 to 203” with “**sections 207K to 207Q**”.

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In section 259D(1), replace “made under the Financial Reporting Act 1993, as those standards are defined in section 2(1) of that Act” with “in effect under the Financial Reporting Act **2012**, as those standards are defined in **section 5(1)** of that Act”.

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In section 259E(1)(a), replace “Financial Reporting Act 1993” with “Financial Reporting Act **2012**”.

In section 259E(2), replace “section 28 of the Financial Reporting Act 1993” with “**sections 26 and 27** of the Financial Reporting Act **2012**”.

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**Maori Fisheries Act 2004 (2004 No 78)**

In section 60(2)(a)(i) and (b)(ii), replace “section 196” with “**section 207K**”.

**Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003 (2003 No 21)**

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In section 6, replace the definition of **subsidiary** with:

“**subsidiary** means a subsidiary of the Service within the meaning of **section 5** of the Financial Reporting Act **2012**”.

In section 25, replace the definition of **generally accepted accounting practice** with:

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“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

**Maori Trust Boards Act 1955 (1955 No 37)**

Replace section 31(3)(a) with:

“(a) financial statements for the Board for the accounting period; and” 15

Replace section 31(6) with:

“(6) In this section,—

“**financial statements** has the meaning given by **section 6** of the Financial Reporting Act **2012**” 20

“**generally accepted accounting practice** has the meaning given by **section 8** of the Financial Reporting Act **2012**.”

Replace section 31B(2) with:

“(2) The auditor must be a qualified auditor within the meaning of **section 34** of the Financial Reporting Act **2012**. 25

“(3) *See sections 36 to 38* of the Financial Reporting Act **2012** (which provide for the appointment of a partnership and access to information in relation to a Board).”

**Marine and Coastal Area (Takutai Moana) Act 2011 (2011 No 3)**

In section 44(2)(a)(i), replace “section 2(1) of the Financial Reporting Act 1993” with “**section 5** of the Financial Reporting Act **2012**”. 30

**Masterton District Council (Montfort Trimble Foundation)  
Act 2003 (2003 No 5 (L))**

In Schedule 1, clause 6(3), replace “Financial Reporting Act 1993” with “Financial Reporting Act **2012**”.

**Masterton Trust Lands Act 2003 (2003 No 1 (L))** 5

In Schedule 2, clause 12(1), replace “section 3 of the Financial Reporting Act 1993” with “**section 8** of the Financial Reporting Act **2012**”.

**Meat Board Act 2004 (2004 No 58)**

Replace section 17(2) and (3) with: 10

“(2) The financial statements must be prepared in accordance with generally accepted accounting practice (within the meaning of **section 8** of the Financial Reporting Act **2012**).”

After section 18(2), insert:

“(2A) The person appointed as the auditor must be the Auditor-General or a person who is a qualified auditor within the meaning of **section 34** of the Financial Reporting Act **2012**.” 15

**New Zealand Railways Corporation Restructuring Act 1990  
(1990 No 105)**

In section 18(2), replace “Notwithstanding sections 163 to 165 of the Companies Act 1955 or sections 196 to 203 of the Companies Act 1993, as the case may be,” with “Despite **sections 207K to 207Q** of the Companies Act 1993,”. 20

In section 18(4)(c), replace “section 163(5) of the Companies Act 1955 or section 196(4) of the Companies Act 1993, as the case may be” with “**section 207M(3)** of the Companies Act 1993”. 25

**New Zealand Superannuation and Retirement Income Act 2001  
(2001 No 84)**

In section 5(1), definition of **subsidiary**, paragraph (b), replace “section 2(1) of the Financial Reporting Act 1993” with “**section 5** of the Financial Reporting Act **2012**”. 30

In section 59(3)(b), replace “section 2(1) of the Financial Reporting Act 1993” with “**section 5** of the Financial Reporting Act **2012**”.

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

Replace section 66(2) with:

“(2) The annual financial statements must be prepared in accordance with generally accepted accounting practice (as defined in **section 8** of the Financial Reporting Act **2012**).”

**Nurse Maude Association Act 2000 (2000 No 2 (P))** 5

Replace section 24(2) with:

“(2) The auditor must be a person who is a qualified auditor within the meaning of **section 34** of the Financial Reporting Act **2012**.”

**Plumbers, Gasfitters, and Drainlayers Act 2006 (2006 No 74)** 10

Replace section 158(1) and (2) with:

“(1) The Board must ensure that, within 3 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are—

“(a) completed in relation to the Board and that financial year; and

“(b) dated and signed on behalf of the Board by 2 members of the Board.

“(2) The financial statements must contain, in relation to each financial statement, budgeted figures for the financial year. 20

“(2A) In this section,—

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**.” 25

In section 158(3)(a), delete “annual”.

In section 159(1), replace “90 days” with “3 months”.

In section 159(1), replace “annual financial” with “financial”.

**Pork Industry Board Act 1997 (1997 No 106)**

Replace section 24(2) with:

“(2) The financial statements must be prepared in accordance with generally accepted accounting practice (within the meaning of **section 8** of the Financial Reporting Act **2012**).” 5

After section 25(2), insert:

“(2A) The person appointed as the auditor must be the Auditor-General or a person who is a qualified auditor within the meaning of **section 34** of the Financial Reporting Act **2012**.”

**Port Companies Act 1988 (1988 No 91)**

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In section 2(1), insert in their appropriate alphabetical order:

“**financial statements**, in relation to a port company, means—

“(a) group financial statements within the meaning of **section 7** of the Financial Reporting Act **2012** for the group comprising the port company and its subsidiaries; 15  
or

“(b) if the port company does not have any subsidiaries, financial statements within the meaning of **section 6** of the Financial Reporting Act **2012** for the port company

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**” 20

In the heading to section 16, replace “**accounts**” with “**financial statements**”.

Replace section 16(3)(b) with:

“(b) audited financial statements for that financial year prepared in accordance with generally accepted accounting practice; and” 25

In section 19, replace “sections 196 to 203” with “**sections 207K to 207Q**”.

**Property Law Act 2007 (2007 No 91)**

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Repeal section 167(1)(b)(iv).

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

In section 4, replace the definition of **auditing and assurance standard** with:

“**auditing and assurance standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**.” 5

In section 4, replace the definition of **financial reporting standard** with:

“**financial reporting standard** has the same meaning as in **section 5** of the Financial Reporting Act **2012**.”

Replace section 32(1)(b) and (c) with: 10

“(b) a person qualified to be an auditor of an entity under **section 35(1) and (4)** of the Financial Reporting Act **2012**:

“(c) a partnership, if all or some of the partners are persons who are qualified to be appointed as auditors of an entity under **section 35(1) and (4)** of the Financial Reporting Act **2012**.” 15

Replace section 32(2)(b) with:

“(b) if the partnership includes persons who are not qualified to be appointed as auditors of an entity under **section 35(1) and (4)** of the Financial Reporting Act **2012**, the persons who are not qualified to be appointed as auditors must not act as auditors.” 20

**Public Finance Act 1989 (1989 No 44)**

In section 2(1), replace the definition of **generally accepted accounting practice** with: 25

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

**Real Estate Agents Act 2008 (2008 No 66)**

In section 29, insert as subsection (2): 30

“(2) No person is qualified for appointment as an auditor of the trust account unless the person is a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**).”

**Receiverships Act 1993 (1993 No 122)**

Repeal section 28(1)(d).

**Registered Architects Act 2005 (2005 No 38)**

In section 59(1)(b), delete “annual”.

Replace section 60(1) and (2) with: 5

“(1) The Board must ensure that, within 3 months after the end of the financial year, financial statements that comply with generally accepted accounting practice are—

“(a) completed in relation to the Board and that financial year; and 10

“(b) dated and signed on behalf of the Board by 2 members of the Board.

“(2) The financial statements must contain, in relation to each financial statement, budgeted figures for the financial year.

“(2A) In this section,— 15

“**financial statements** has the same meaning as in **section 6** of the Financial Reporting Act **2012**

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**.” 20

In section 60(3)(a), delete “annual”. 20

In section 61(1), replace “90 days” with “3 months”.

In section 61(1), delete “annual”.

**Reserve Bank of New Zealand Act 1989 (1989 No 157)**

Replace section 81AA(2)(a) with:

“(a) prescribe information that is required to be contained in financial statements:” 25

In section 153(4), replace “196” with “**207K**”.

In section 154(1), delete “who are qualified for appointment as auditors of a company under the Companies Act 1993 and who have been approved by the Bank”. 30

After section 154(1), insert:

“(1A) The person or persons appointed to be the auditor under **subsection (1)** must be—

“(a) licensed auditors (within the meaning of section 6(1) of the Auditor Regulation Act 2011); and 35

**Reserve Bank of New Zealand Act 1989 (1989 No 157)**—*continued*

“(b) approved by the Bank.”

**Royal Society of New Zealand Act 1997 (1997 No 2 (P))**

In the Schedule, clause 10(4), replace “an auditor in accordance with section 199 of the Companies Act 1993” with “a qualified auditor (within the meaning of **section 34** of the Financial Reporting Act **2012**)”.

**Sale and Supply of Alcohol Act 2012 (2012 No 120)**

In section 5(1), repeal the definitions of **approved financial reporting standard** and **generally accepted accounting practice**.

In section 5(1), insert in its appropriate alphabetical order: 10

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

Replace the heading to section 333 with “**Accounting records**”.

Replace section 333(1) with:

“(1) The members of a licensing trust must ensure that there are kept at all times accounting records that— 15

“(a) correctly record the transactions of the licensing trust;  
and

“(b) will enable the members to ensure that the financial statements of the licensing trust comply with this Act;  
and 20

“(c) will enable the financial statements of the licensing trust to be readily and properly audited.

“(1A) The members of a licensing trust must establish and maintain a satisfactory system of control of the accounting records. 25

“(1B) The accounting records must be kept—

“(a) in written form in English; or

“(b) in a form or manner in which they are easily accessible and convertible into written form in English.”

In section 333(2), replace “subsection (1)” with “this section”. 30

In section 334(1), insert “, within 5 months after the end of each financial year,” after “ensure that”.

Replace the heading to section 382 with “**Accounting records**”.

**Sale and Supply of Alcohol Act 2012 (2012 No 120)—continued**

Replace section 382(1) with:

“(1) The trustees of a community trust must ensure that there are kept at all times accounting records that—

“(a) correctly record the transactions of the community trust; and 5

“(b) will enable the trustees to ensure that the financial statements of the community trust comply with this Act; and

“(c) will enable the financial statements of the community trust to be readily and properly audited.

“(1A) The trustees of a community trust must establish and maintain a satisfactory system of control of the accounting records. 10

“(1B) The accounting records must be kept—

“(a) in written form in English; or

“(b) in a form or manner in which they are easily accessible and convertible into written form in English.” 15

In section 382(2), replace “subsection (1)” with “this section”.

In section 383(1), insert “, within 5 months after the end of each financial year,” after “ensure that”.

**Selwyn Plantation Board Empowering Act 1992 (1992 No 4 (L))**

In section 18, replace “sections 196 to 203” with “**sections 207K to 207Q**”. 20

**State-Owned Enterprises Act 1986 (1986 No 124)**

In section 2, insert in their appropriate alphabetical order:

“**financial statements**, in relation to a State enterprise, means— 25

“(a) group financial statements within the meaning of **section 7** of the Financial Reporting Act **2012** for the group comprising the State enterprise and its subsidiaries; or

“(b) if the State enterprise does not have any subsidiaries, financial statements within the meaning of **section 6** of the Financial Reporting Act **2012** for the State enterprise 30

**State-Owned Enterprises Act 1986 (1986 No 124)**—*continued*

“**generally accepted accounting practice** has the same meaning as in **section 8** of the Financial Reporting Act **2012**”.

In the heading to section 15, replace “**accounts**” with “**financial statements**”.

Replace section 15(1)(b) with: 5

“(b) audited financial statements for that financial year prepared in accordance with generally accepted accounting practice; and”.

In section 19(1), replace “sections 196 to 203” with “**sections 207K to 207Q**”. 10

**Summary Proceedings Act 1957 (1957 No 87)**

In section 2(1), definition of **infringement notice**, replace paragraph (ba) with:

“(ba) **section 207U** of the Companies Act 1993; or”.

**Telecommunications Act 2001 (2001 No 103)** 15

In section 80, replace the definition of **financial statements** with:

“**financial statements**,—

“(a) except if section 79 applies, has the same meaning as in **section 6** of the Financial Reporting Act **2012**; and

“(b) if section 79 applies, means a consolidated statement of financial performance of the 2 or more bodies corporate required by that section to be treated as 1 person, prepared in accordance with generally accepted accounting practice, as defined in **section 8** of the Financial Reporting Act **2012**”. 20 25

**Trustee Companies Management Act 1975 (1975 No 25)**

Repeal section 24A.

**Unit Titles Act 2010 (2010 No 22)**

Replace section 132(7) with:

“(7) Any person appointed to undertake any of the functions described in subsection (2) must be a qualified auditor (within 30

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**Unit Titles Act 2010 (2010 No 22)**—*continued*

the meaning of **section 34** of the Financial Reporting Act **2012**.”

**Wool Industry Restructuring Act 2003 (2003 No 40)**

Replace section 52(2) with:

“(2) No person is qualified for appointment as an auditor unless the 5  
person is a qualified auditor (within the meaning of **section**  
**34** of the Financial Reporting Act **2012**).”

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**Legislative history**

31 July 2012  
28 November 2012

Introduction (Bill 42-1)  
First reading and referral to Commerce Committee

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