



Are you ready?

Public benefit entities: New standards

31 December 2017 year ends

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This document outlines all standards issued by the XRB which will be applicable for the first time or available for early adoption by public benefit entities (for-profit entities should refer to For-profit entities: New standards) for financial years ending 31 December 2017. It will assist preparers of financial reports to:

- Ensure all PBE Standards that are mandatory for adoption have been applied in the correct period
- Identify and consider PBE Standards not yet mandatory which may have relevance to an entity upon adoption.

PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* requires specific disclosures to be made when the adoption of a new or revised PBE Standard results in a change in existing policy or new policy that is significant. PBE IPSAS 3 also requires disclosure of the possible impact of relevant PBE Standards on issue but not yet adopted. Table 2 serves as a checklist to assist in the preparation of such disclosures.

PBE Standards currently on issue

Table 1: contains all PBE standards that are mandatorily applicable for the first time for years ended 31 December 2017. Entities should ensure that they have adopted all of these standards in the 31 December 2017 financial statements. The PBE Standards in Table 2 below are available for early adoption for entities preparing financial statements for this period.

Table 2: includes all PBE Standards available for early adoption at 31 December 2017. Even if entities are not electing to early adopt these pronouncements, entities should consider the potential impact on their financial statements and make the relevant disclosures in accordance with PBE IPSAS 3.

Further information

Links to the relevant KPMG resources are included with each of the standards. In some cases, the KPMG resources may not have been released as yet for all new standards and interpretations included in this edition of Public benefit entities: New standards. Please refer to the KPMG website for the subsequent release of [IFRS News](#) and [Reporting Updates](#).



Table 1: PBE Standards mandatorily applicable for the first time at 31 December 2017

Standards	Effective for periods beginning	Link to standard/amendment	Key requirements
<p>2016 Omnibus Amendments to PBE Standards (Amendments to:</p> <ul style="list-style-type: none">– PBE IPSAS 12 Inventories– PBE IPSAS 17 Property, Plant and Equipment– PBE IPSAS 32 Service Concession Arrangements: Grantor– PBE IAS 12 Income Taxes– PBE IFRS 5 Non-current Assets Held for Sale and Discontinued Operations)	1 January 2017	2016 Omnibus Amendments to PBE Standards	<p>This omnibus contains the following amendments:</p> <p>Part C: Amendments arising from the PBE Conceptual Framework which amends a number of standards to replace references to the previous qualitative characteristic of “reliable” with references to the qualitative characteristic of “faithfully representative” throughout the suite of PBE Standards.</p> <p>Part D: Amendments arising from Improvements to IPSASs 2015;</p> <ul style="list-style-type: none">• Amends PBE IPSAS 12 by replacing the term “ammunition” with the term “military inventories” and including a description of military inventories.,• Amends PBE IPSAS 17 by replacing the term “specialist military equipment” to “weapons systems” and including a description of weapons systems.• Amends PBE IPSAS 32 <i>Service Concession Arrangements: Grantor</i> to eliminate the possibility that dissimilar assets might be accounted for as a class of assets under the requirements of PBE IPSAS 32, PBE IPSAS 17 and PBE IPSAS 31. <p>Part E: Amendments arising from IASB Amendments:</p> <ul style="list-style-type: none">• Amends PBE IAS 12 by clarifying how to account for deferred tax assets related to debt instruments measured at fair value (equivalent to the NZ IAS 12 amendments set out in <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>).• Amends PBE IFRS 5, by reinstating the requirement to disclose the related income tax expense pertaining to the single amount disclosed in the statement of comprehensive income for a discontinued operation.



Table 2: PBE Standards available for early adoption for 31 December 2017 year-ends

Standards	Effective for periods beginning	Link to standard/amendment	Key requirements
<i>2016 Omnibus Amendments to PBE Standards (Amendments to PBE IPSAS 17 and PBE IPSAS 27 relating to Bearer Plants)</i>	1 January 2018	2016 Omnibus Amendments to PBE Standards	Amends PBE IPSAS 17 to require bearer plants to be accounted for as property, plant and equipment and included within the scope of PBE IPSAS 17 <i>Property, Plant and Equipment</i> instead of PBE IPSAS 27 <i>Agriculture</i> . The produce growing on bearer plants remains within the scope of PBE IPSAS 27. This is equivalent to the bearer plants amendments made to NZ IAS 16 and NZ IAS 41 in 2014.
<i>2017 Amendments to XRB A1 Application of the Accounting Standards Framework</i>	1 January 2018	2017 Amendments to XRB A1	Clarifies that the size criteria for a PBE to report in accordance with Tier 4 PBE Accounting Requirements is based on the total combined operating payments of the entity and its controlled entities.
<i>Approved Budget (Amendments to PBE IPSAS 1)</i>	1 January 2018	Amendments to PBE IPSAS 1	This amendment: <ul style="list-style-type: none">• removes the requirement for a PBE to provide a comparison of approved budget and actual amounts in the financial statements;• specifies that when a public sector entity presents a comparison of prospective financial statements with the historical financial statements being reported, that this shall be presented on the face of the financial statements or as a separate statement; and• specifies that when a not-for-profit entity presents a comparison of prospective financial statements with the historical financial statements being reported, that this may be presented on the face of the financial statements, as a separate statement or in the notes.



Standards	Effective for periods beginning	Link to standard/amendment	Key requirements
<i>Impairment of Revalued Assets (Amendments to PBE IPSASs 21 and 26)</i>	1 January 2019	Amendments to PBE IPSASs 21 and 26	<p>This Standard amends PBE IPSAS 21 <i>Impairment of Non-Cash-Generating Assets</i> and PBE IPSAS 26 <i>Impairment of Cash-Generating Assets</i> so that assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 <i>Property, Plant and Equipment</i> and PBE IPSAS 31 <i>Intangible Assets</i> are within the scope of PBE IPSAS 21 and PBE IPSAS 26.</p> <p>It also amends PBE IPSAS 17 to clarify that the recognition of impairment losses and reversals of impairment losses for a revalued asset does not necessarily require the entire class of assets to which that item belongs to be revalued.</p>
<i>PBE IPSAS 34 Separate Financial Statements*</i>	1 January 2019	PBE IPSAS 34	PBE IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.
<i>PBE IPSAS 35 Consolidated Financial Statements*</i>	1 January 2019	PBE IPSAS 35	PBE IPSAS 35 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
<i>PBE IPSAS 36 Investments in Associates and Joint Ventures*</i>	1 January 2019	PBE IPSAS 36	PBE IPSAS 36 prescribes the accounting for investments in associates and joint ventures and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
<i>PBE IPSAS 37 Joint Arrangements*</i>	1 January 2019	PBE IPSAS 37	PBE IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e., joint arrangements).



Standards	Effective for periods beginning	Link to standard/amendment	Key requirements
<i>PBE IPSAS 38 Disclosure of Interests in Other Entities*</i>	1 January 2019	PBE IPSAS 38	<p>PBE IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate:</p> <ul style="list-style-type: none">o The nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; ando The effects of those interests on its financial position, financial performance and cash flows.
<i>PBE IPSAS 39 Employee Benefits</i>	1 January 2019	PBE IPSAS 39	<p>This Standard supersedes PBE IPSAS 25 <i>Employee Benefits</i> (2014). PBE IPSAS 39 was issued in order to converge the PBE Standard with the amendments made to NZ IAS 19 in the 2011-2015 period.</p> <p>The requirements of PBE IPSAS 39 are substantially the same as the requirements for employee benefits in PBE IPSAS 25. However, the 'corridor approach' has been removed and the disclosures for defined benefit plans have changed.</p>
<i>PBE IFRS 9 Financial Instruments</i>	1 January 2021	PBE IFRS 9	<p>This Standard gives PBEs the opportunity to early adopt a PBE Standard that is based on NZ IFRS 9 <i>Financial Instruments</i>, from the point at which NZ IFRS 9 becomes effective.</p> <p>Entities likely to consider early adoption of PBE IFRS 9 include those that are part of a mixed group (being a group that includes both PBEs and for-profit entities) or those that want to adopt the new hedge accounting requirements.</p> <p>In considering whether to early adopt PBE IFRS 9, entities will need to consider the impact of all the new requirements in PBE IFRS 9, including the new classification and impairment requirements.</p> <p>PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i> will continue to be available for several years until an international project on financial instruments has been completed.</p>



Standards	Effective for periods beginning	Link to standard/amendment	Key requirements
PBE FRS 48 <i>Service Performance Reporting</i>	1 January 2021	PBE FRS 48	<p>Establishes requirements for Tier 1 and Tier 2 public benefit entities to select and present service performance information.</p> <p>It applies to:</p> <ul style="list-style-type: none">a) All Tier 1 and Tier 2 not-for-profit public benefit entities; andb) Tier 1 and Tier 2 public sector public benefit entities required by legislation to provide information in respect of service performance in accordance with generally accepted accounting practice (GAAP).

* PBE IPSASs 34 to 38 together form the suite of standards relating to PBE Interests in Other Entities, they supersede PBE IPSASs 6 to 8. If any of these new standards are adopted early, the whole suite of standards must be applied at the same time.

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