



## Accounting Standards Review Board

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### Communiqué 2011/2 – March 2011

The ASRB met on 2 March 2011 in Auckland.

The principal matters discussed at the meeting were:

- Appointment of the Chair of the New Zealand Accounting Standards Board (NZASB)
- Call for expressions of interest for the NZASB and NZAuASB
- Approval of *Amendments to NZ IFRS 7 Financial Instruments: Disclosures; Appendix E New Zealand-specific additional disclosure requirements applicable to financial institutions (Amendments to NZ IFRS 7 – Appendix E)*
- Financial Reporting Framework Review
- Transition to the XRB

#### **Appointment of the Chair of the New Zealand Accounting Standards Board (NZASB)**

The Board is pleased to announce the appointment of Michele Embling as the inaugural Chair of the NZASB.

The NZASB will be a sub-Board of the External Reporting Board (XRB), responsible for the development, approval and promulgation of accounting standards for application in New Zealand. It is expected that the NZASB will formally come into existence on 1 July 2011, the date the ASRB is expected to be reconstituted as the XRB and have its responsibilities widened to all accounting and auditing standard setting.

Michele Embling is currently Deputy Chair of the ASRB, and Managing Partner of the Auckland office of PwC. Michele's professional experience covers a full range of sectors (not for profit, public and for profit), type of entities (companies, trusts, partnerships, professional organisations) and size of entities (from small closely held entities to large and complex issuers). She was a member of the NZICA IFRS conversion working group and has been a member of the NZICA PBE Working Group as well as being an IFRS specialist.

#### **Call for Expressions of Interest for the NZASB and NZ AuASB**

The Board is seeking expressions of interest from suitably qualified persons interested in serving on one or other of two new Standards Boards: the New Zealand Accounting Standards Board (NZASB) or the New Zealand Auditing and Assurance Standards Board (NZAuASB). The two Standards Boards will be responsible for accounting and auditing and assurance standards respectively. Both sub-Boards of the XRB are expected to begin their work on 1 July 2011.

The ASRB is seeking to appoint Standards Boards which have a diversity of perspectives and sectoral experience. More information, including how to submit expressions of interest, can be found on our website: [www.asrb.co.nz](http://www.asrb.co.nz). The closing date for expressions of interest is Thursday 31 March 2011.

#### **Approval of *Amendments to NZ IFRS 7 Financial Instruments: Disclosures; Appendix E New Zealand-specific additional disclosure requirements applicable to financial institutions (Amendments to NZ IFRS 7 – Appendix E)*.**

The Board approved *Amendments to NZ IFRS 7 Financial Instruments: Disclosures; Appendix E New Zealand-specific additional disclosure requirements applicable to financial institutions (Amendments to NZ IFRS 7 – Appendix E)*, which had been submitted to it by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants.

*Amendments to NZ IFRS 7 – Appendix E* will limit the application of Appendix E to "Deposit-takers" as defined by the Reserve Bank of New Zealand Act 1989.



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### **Financial Reporting Framework Review**

The Board continued its consideration of the Financial Reporting Framework.

After much consideration and deliberation the Board has concluded that user-needs in the future cannot be adequately addressed by a single set of accounting standards applying to all entities required to prepare General Purpose Financial Reports (GPFR). Accordingly the Board has concluded that the new accounting standards framework should consist of two sets of accounting standards: one to be applied by entities with a for-profit objective; and the other to be applied by public benefit entities (PBEs).

The Board is preparing a Position Paper explaining the rationale for its multi-standards approach decision. This will be accompanied by two Consultation Papers: one outlining the details of the proposed accounting standards framework for for-profit entities; and the other outlining the details of the proposed accounting standards framework for PBEs. Comments on the two Consultation Papers will be requested.

It is planned to issue all three documents together towards the end of April. The exact timing will be dependent on the timing of the Government's decisions in relation to the new Financial Reporting Framework. Some detailed elements of the accounting standards frameworks are dependent on the statutory Framework.

### **Transition to the XRB**

The Board considered a number of issues relating to the Board's transition to the External Reporting Board (XRB) in the next four months. The Board's Establishment Committee oversees the transitional activities.

The Board expects to announce the appointment of a Chief Executive for the XRB shortly and the Establishment Committee is currently involved in negotiations to secure premises in Wellington and Auckland.

It is anticipated that, subject to the legislative process, the XRB will be fully operational on or about 1 July 2011.

The ASRB will next meet on Wednesday 27 April 2011 in Wellington.

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### **About the ASRB**

The ASRB is an independent Crown entity established under the Financial Reporting Act 1993 and charged with reviewing and approving the financial reporting standards that largely comprise generally accepted accounting practice in New Zealand. Generally accepted accounting practice underpins the financial reporting policy of all entities meeting public accountability expectations.

The overall objectives of the Board are to contribute to improvement in the quality of external financial reporting in the public and private sectors for the benefit of users and to assist preparers and auditors of financial reports. In addition, the Board is responsible for facilitating the harmonisation of New Zealand and Australian standards.

### **Website**

The ASRB website ([www.asrb.co.nz](http://www.asrb.co.nz)) contains further information about the activities of the Board. The content of the website is updated periodically. Interested parties are encouraged to check the website on a regular basis