

The PBE Accounting Standards Framework

CAGTR Business Links Seminar
November 2011

Terminology

- **Public Benefit Entity (PBE)**

*An entity whose **primary objective** is to provide **goods and services for community or social benefit** and where equity has been provided to support that objective rather than for a financial return*

- **For-Profit Entity**

Any entity that is not a PBE

Seminar Outline

1. Multi-Standards Approach
2. PBE Framework



Multi-Standards Approach

- Key decision driver = **User Needs**
 - IFRS has capital markets focus
 - PBE users have different info needs
- One size does **NOT** fit all
 - Standards “fit for purpose”

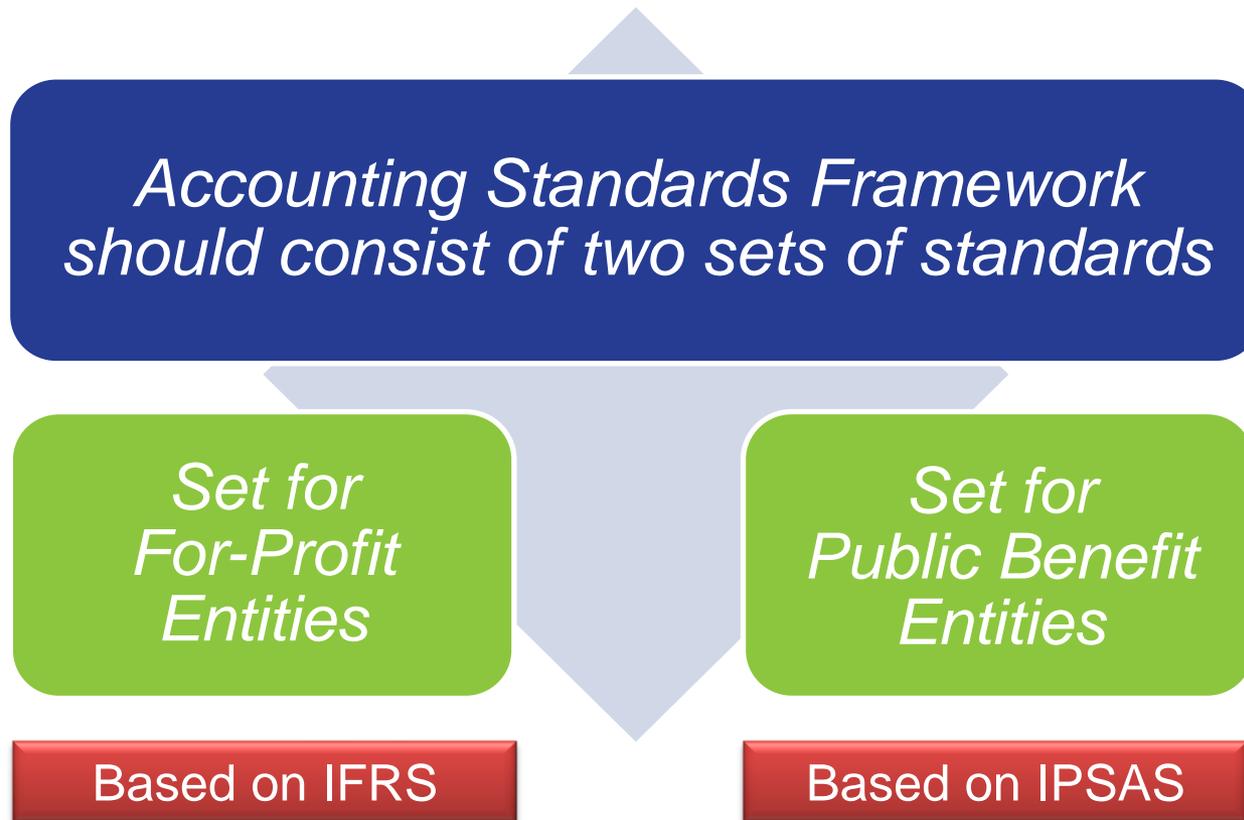


Multi-Standards Approach

- PBE User Focus
 - Resource providers
 - Wider than capital providers
 - Tax/rate payers, donating public
 - Service recipients



Multi-Standards Approach

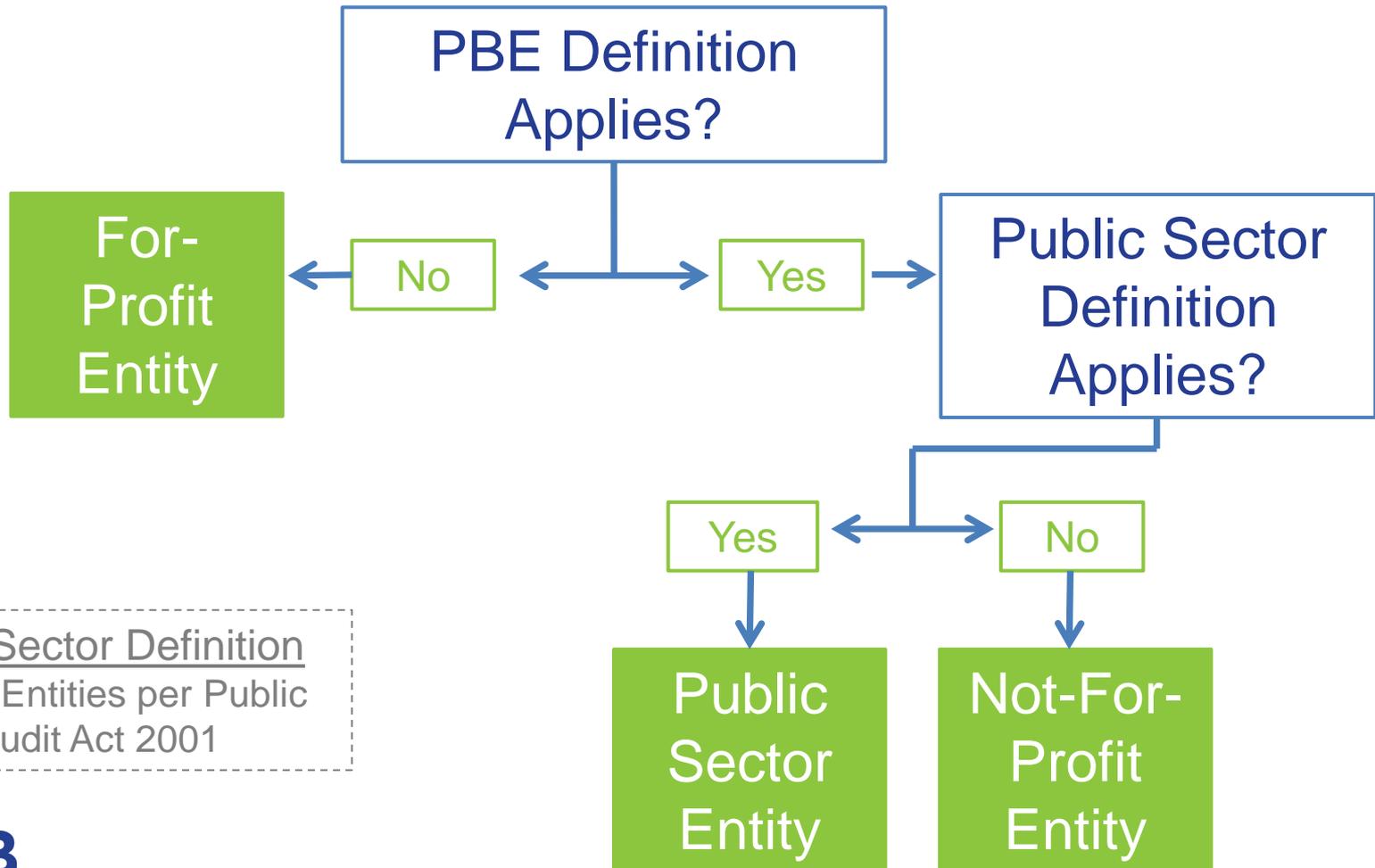


PBE Framework

- PBE framework applies to:
 - Public Sector PBEs
 - NFPs required to prepare GPFR
- Most requirements apply to both
 - But some only to Public Sector or NFP



PBE Framework



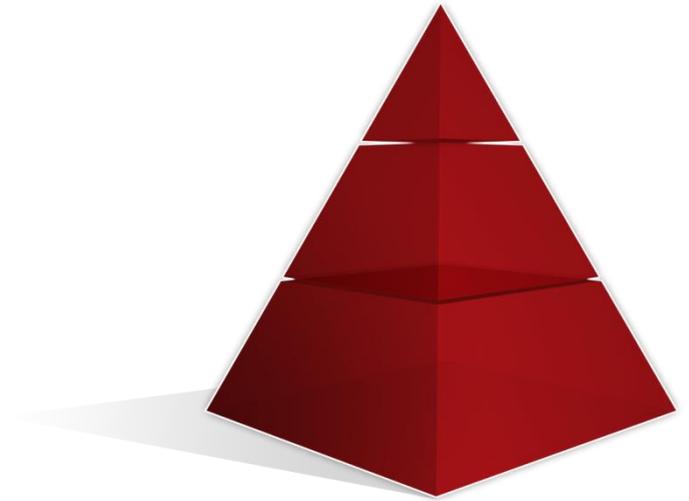
Public Sector Definition
Public Entities per Public
Audit Act 2001

PBE Framework

Tier	Entities	Standards
1	<ul style="list-style-type: none">Expenses >\$30mAll coercive leversAll issuers	Full PBE Standards
2	Expenses \$2m - \$30m	RDR PBE Standards
3 (PS)	Expenses <\$2m	Simple Format Standard
3 (NFP)	<ul style="list-style-type: none">Expenses <\$2m\$40k-\$2m<\$40k	<ul style="list-style-type: none">Simple Format StandardAccrual basisCash basis (optional)

PBE Framework

- **Public Sector:**
 - Majority in Tier 1 and 2
 - Some in Tier 3 (schools, Reserve Boards, etc)
 - **Charities:**
 - 96% in Tier 3
 - 58% in cash sub-tier
- ⇒ **Simple Format Standard**
important



PBE Framework

- PBE Standards
 - IPSAS modified as necessary for
 - NZ Public Sector
 - High threshold test
 - NFP
 - Language, examples,
 - NFP transactions
 - IFRS where gaps
 - Modified for PBEs
 - Domestic FRS
 - Modified for PBEs



PBE Framework

- Tier 1 = Full PBE Standards
 - Change not expected to be significant at transition
- Tier 2 = RDR PBE Standards
 - Same recognition and measurement
 - Reduced disclosures
 - Simpler requirements for most entities

PBE Framework

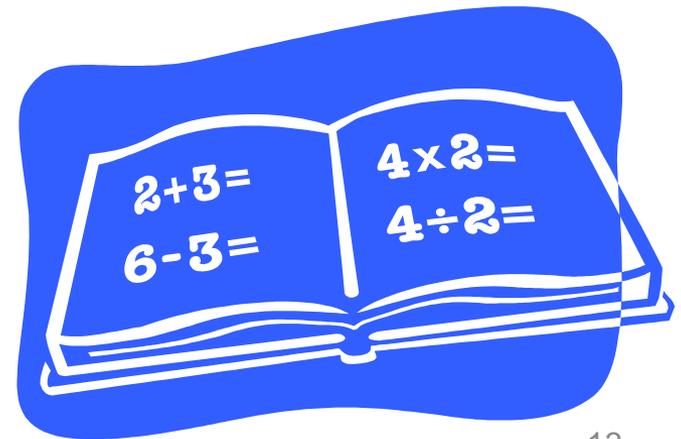
■ Tier 3

– Simple Format Reporting Standard

- Standalone
- User-friendly
- Minimum disclosures
- Possibly some recognition and measurement concessions

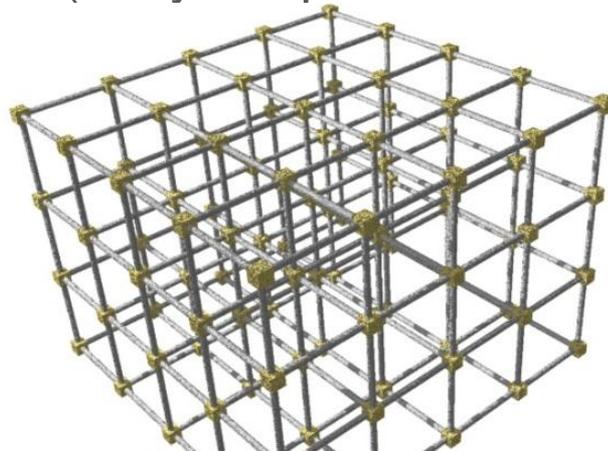
– Templates

- Fill-in-the-box
- Variety for main entity types



PBE Framework

- **Proposed Transition**
 - Depends on result of consultation
 - Public Sector from 1 July 2013
 - NFP for periods beginning on or after 1 July 2014 (early adopt from 1/7/13)



PBE Framework

- **Targets:**
 - Initial PBE Standards ED: March 2012
 - PBE SFR Standard ED: April 2012
 - Issue August/September 2012

 - Expanded PBE Standards (NFP Transactions) ED: March 2013





EXTERNAL REPORTING BOARD

Te Kāwai Ārahi Pūrongo Mōwaho