

Photos: Pōtahi Marae, Student Volunteer Army, Rā o Te Raukura Volunteers



Charities Services & XRB

Update on the Tier 3 and 4 Reporting Standards







Kia ora and welcome!

Overview

Welcome

Reporting changes for tier 4

Reporting changes for tier 3

Where to find help

Q&A session

Before we begin the webinar...



Can you hear us?

Make sure your computer's sound is un-muted. Sound cutting out? Check your internet connection.

Recording and Resources

This webinar is being recorded - you will receive a link to the recording and resources.

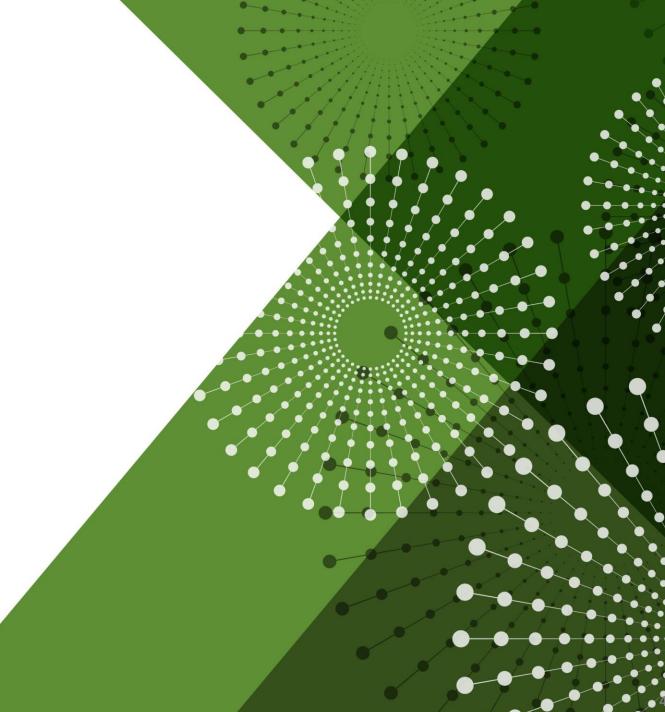
Q&A

Type your questions in the Q&A chat box.



Tiers 3 and 4 Update

November 2024 Accounting Standards Team



About XRB

Purpose

XRB is responsible for developing and issuing financial reporting, auditing and assurance, and climate standards.

Strategic intent











What we deliver

- ➢ Financial reporting standards
- ➤Audit and Assurance standards
- Climate standards
- ➤Guidance and implementation support
- ➤International liaison

Vision

New Zealand prospers through effective decision making for resource allocation informed by high-quality, trusted, and integrated reporting.

Reporting in New Zealand



Two key questions:

Who has to report?

What information gets reported?

Set in legislation

Set in standards



Reporting Tier Sizes

- Amendments increase the tier size thresholds
- Tier 2
 - Less than \$33 million total expenses
- Tier 3
 - Less than \$5 million total expenses



Mandatory date 28 March 2024



New Tier 3 and Tier 4 Standards

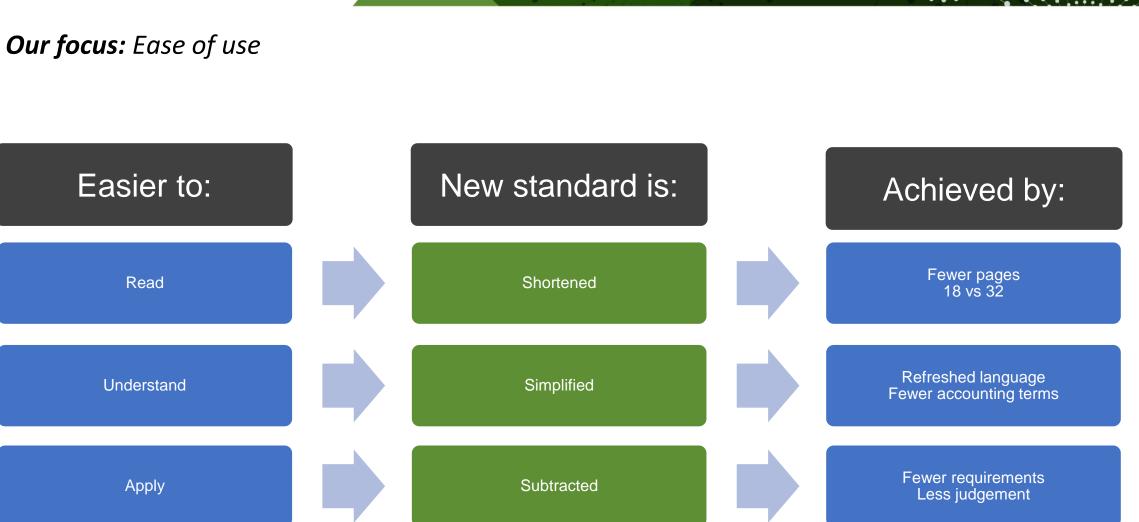
- New standards, guidance, templates available on our website
 - <u>Tier 3 (Not-for-profit) Standard</u>
 - <u>Tier 4 (Not-for-profit) Standard</u>

Te Kāwai Ārahi Pūrongo Möwaho EXTERNAL REPORTING BOARD	
	Te Káwai Árahi Pürongo Mówaho EXTERNAL REPORTING BOARD
Tier 3 (NFP) Standard	
Reporting Requirements for	
	Reporting Requirements for Tier 4 Not-for-Profit Enti
3	
/////	
Issued May 2023	



Mandatory date: 1 April 2024

Tier 4 Overhaul



Tier 4 Overhaul



Reduced uncertainty

- Removed the term "significant" where possible
- Made requirements more rules-based
- E.G. The Standard is explicit about which assets are significant
- Minimised requirements
 - Removed some requirements
 - Made other requirements optional

Your feedback mattered



Tier 3 Improvements

Our focus: Remove pain points and make targeted improvements

When revenue should be recorded

• Made it easier to align with the organisation's activities

Asset valuation

• Revaluation requirements for some assets now in the Tier 3 Standard

Other changes

- Revenue and Expense Categories
- Accumulated funds disclosures

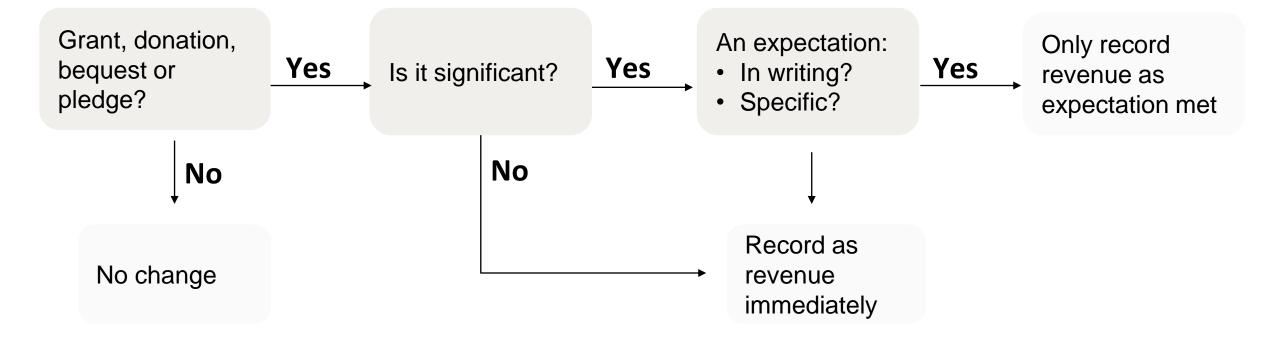
Tier 3 Improvements When to record Revenue



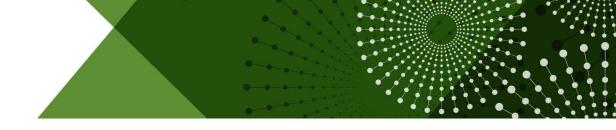
Our focus: Increasing flexibility around when revenue is recorded for grants & donations

What we've changed

• Removed "use or return" requirement and replaced with "documented expectation" requirement



Tier 3 improvements Asset valuation – making it simple



Our focus: Allowing simple asset revaluations

What we've chan	ged
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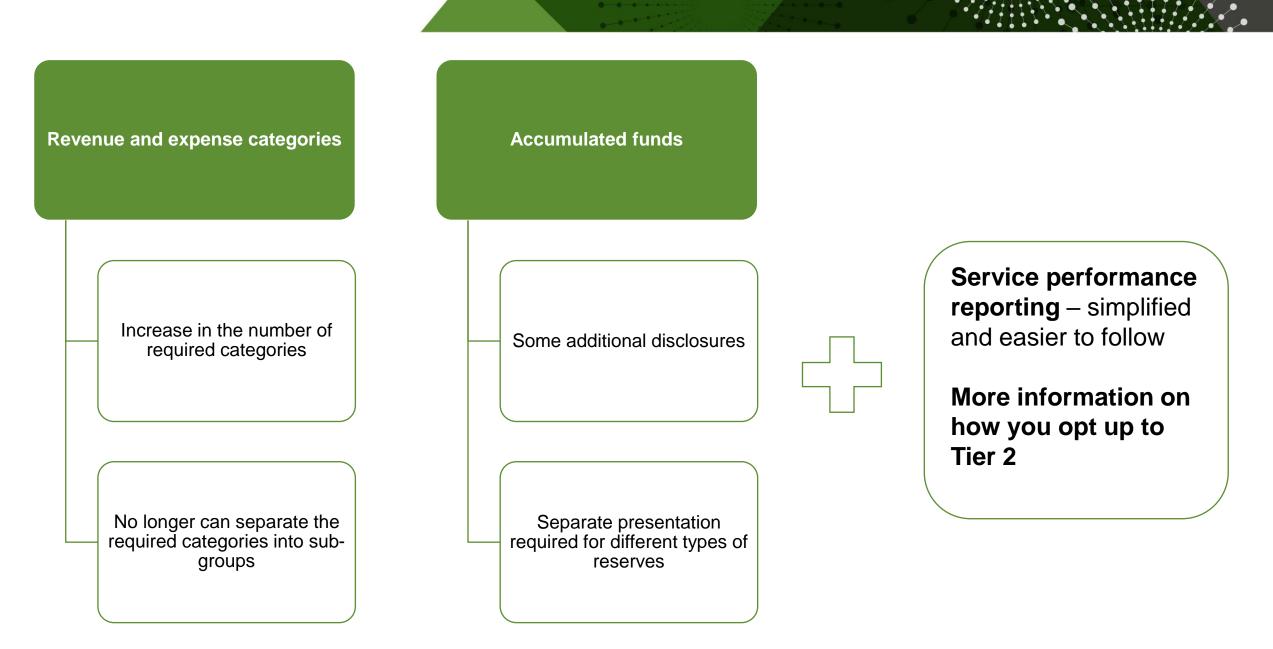
Property, plant and equipment

- All can be revalued
- Independent valuation or rateable value
- Added investment property as an optional class

Investments

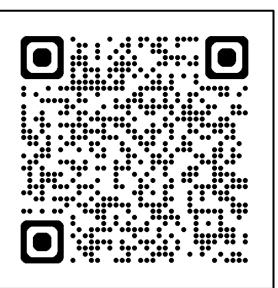
- **Publicly traded investments** can be revalued
- Based on market rates

Other changes to Tier 3

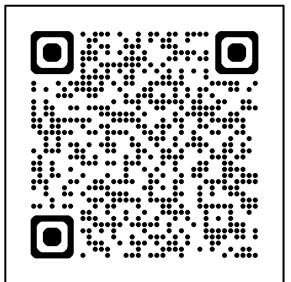


XRB Standards Navigator

ΞX	Te Kāwai Ārahi Pūrongo Mõwaho Seard EXTERNAL REPORTING BOARD	ch standards	٩		
Back to navigator	Tier 3 (NFP) Standard		Download file Tier-3-NFP-Standard.pdf, 1 MB		
able of contents	Reporting Requirements for Tier 3 Not-for-Profit Entities Mandatory Date:				
Collapse All	1 April 2024 Current Version +				
EFACE					
tement of Authority	+ Related Pages and Amendments				
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w to read this Standard	Enter search term		٩		
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ANDARD	^ Preface				
PENDIX A: SPECIFIC QUIREMENTS	Statement of Authority				
CTION 1: INTRODUCTION	This Standard was issued on 18 May 2023 by the New Zealand Accounting Sta	andards Board of the External Report	ting Board (XRB) pursuant to section		
CTION 2: OBJECTIVE OF PORTING AND OVERVIEW OF PORTING REQUIREMENTS	12(a) of the Financial Reporting Act 2013. This Standard is secondary legislation for the purposes of the Legislation Act 2019, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 15 June 2023.				
ers and Their Needs	This Standard has a mandatory date of 1 April 2024, meaning the Standard must be applied for accounting periods that begin on or after 1 April 2024. A Tier 3 INFP jentity may choose to apply this Standard before the mandatory date for accounting periods that end after the Standard takes effect on 15 June 2023. Further information on the commencement and application of this Standard is provided in Appendix B.				
jective of Reporting	Reporting entities that are subject to this Standard are required to apply it in accordance with the requirements and applicable guidance in Appendices A-D.				
quired Components of the rformance Report	In finalising this Standard, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.				
esentation of the Entity's rformance	This Standard, when applied, supersedes the Standard Public Benefit Entity S	Simple Format Reporting – Accrual (Not-for-Profit) (PBE SFR-A (NFP)).		
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ents After the Balance Date	ISBN 978-1-99-100534-2	ISBN 978-1-99-100534-2			
CTION 3: ENTITY INFORMATION					



Tier 3 (NFP) Standard



Tier 4 (NFP) Standard

Other options for Tier 4 reporting



Simple Tier 4 template

- 6 pages
- Good for very small organisations

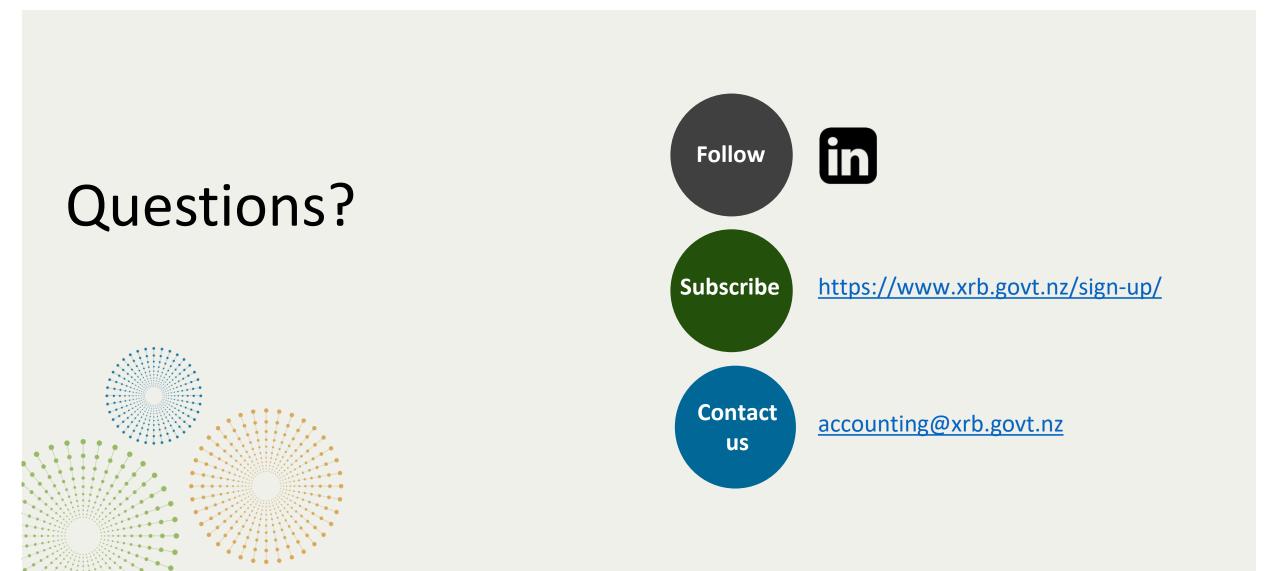
or

Combined Annual Return and Performance report

- Statement of Service Performance,
- Information about cash received and paid by your charity during the financial year,
- Whether or not you are registered for GST, and
- Descriptions of any related party transactions.



Te Kāwai Ārahi Pūrongo Mōwaho **EXTERNAL REPORTING BOARD**







Thank you