



## ANALYSIS

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1994, No. 11

## An Act to amend the Financial Reporting Act 1993

[27 June 1994

BE IT ENACTED by the Parliament of New Zealand as follows:

**1. Short Title and commencement**—(1) This Act may be cited as the Financial Reporting Amendment Act 1994, and shall be read together with and deemed part of the Financial Reporting Act 1993 (hereinafter referred to as the principal Act).

(2) This Act shall come into force on the 1st day of July 1994.

**2. Interpretation**—Section 2 (1) of the principal Act is hereby amended by omitting from paragraph (a) of the definition of the term "exempt company", the expression "\$250,000", and substituting the expression "\$450,000".

**3. Meaning of "financial statements"**—Section 8 of the principal Act is hereby amended by repealing subsection (2), and substituting the following subsection:

"(2) In this Act, the term 'financial statements', in relation to a reporting entity that is an overseas company, includes, in addition to the financial statements of the overseas company, financial statements referred to in subsection (1) of this section

for its New Zealand business prepared as if that business were conducted by a company formed and registered in New Zealand.”

**4. Meaning of “group financial statements”**—Section 9 of the principal Act is hereby amended by repealing subsection (2), and substituting the following subsection:

“(2) In this Act, the term ‘group financial statements’, in relation to a group that comprises a reporting entity that is an overseas company and its subsidiaries, includes, in addition to the financial statements of the group, financial statements referred to in subsection (1) of this section for the group’s New Zealand business prepared as if the members of the group were companies formed and registered in New Zealand.”

**5. Obligation to prepare financial statements**—The principal Act is hereby amended by repealing section 10, and substituting the following section:

“10. (1) The directors of every reporting entity must ensure that, within 5 months after the balance date of the entity or, where the entity is required by any other Act to prepare financial statements or accounts within a shorter period after the end of its financial year or balance date, within that period, financial statements that comply with section 11 of this Act are—

“(a) Completed in relation to the entity and that balance date; and

“(b) Dated and signed on behalf of the directors by 2 directors of the entity, or, if the entity has only 1 director, by that director.

“(2) The directors of every exempt company must ensure that within 5 months after the balance date of the company or, if all the members or shareholders of the company agree, within 9 months after the balance date of the company, financial statements that comply with section 12 of this Act are—

“(a) Completed in relation to the company and that balance date; and

“(b) Dated and signed on behalf of the directors by 2 directors of the company, or, if the company has only 1 director, by that director.”

**6. Content of financial statements of reporting entities**—Section 11 of the principal Act is hereby amended by

repealing subsection (3), and substituting the following subsection:

“(3) Where the Registrar of Companies notifies a reporting entity that is incorporated or constituted outside New Zealand that the Registrar is satisfied that—

“(a) The financial statements of the reporting entity comply with the requirements of the law in force in the country where the reporting entity is incorporated or constituted; and

“(b) Those requirements are substantially the same as those of this Act,—

those financial statements shall be taken to comply with this section and every applicable financial reporting standard.”

**7. Content of group financial statements**—Section 14 of the principal Act is hereby amended by repealing subsection (5), and substituting the following subsection:

“(5) Where the Registrar of Companies notifies a reporting entity that is incorporated or constituted outside New Zealand that the Registrar is satisfied that—

“(a) The group financial statements of the group that comprises the reporting entity and its subsidiaries comply with the law in force in the country where the reporting entity is incorporated or constituted; and

“(b) Those requirements are substantially the same as those of this Act,—

those financial statements shall be taken to comply with this section and every applicable financial reporting standard.”

**8. Overseas companies and certain other companies to register financial statements**—Section 19 of the principal Act is hereby amended by adding the following subsection:

“(6) For the purposes of subsection (2) of this section, the term ‘auditor’s report’, in relation to an overseas company, means a report by a person qualified for appointment as auditor in accordance with section 199 of the Companies Act 1993.”

**9. Approval of financial reporting standards**—(1) Section 27 of the principal Act is hereby amended by inserting, after subsection (3), the following subsection:

“(3A) The Board may from time to time determine that—

“(a) An approved financial reporting standard which has not been approved for application to a particular person

(including a department or Office of Parliament) or category of persons shall apply to that person or category of persons; or

“(b) An approved financial reporting standard which applies to a particular person (including a department or Office of Parliament) or category of persons shall cease to apply to that person or category of persons,—

in relation to such accounting periods or interim accounting periods as the Board may determine.”

(2) Section 27 of the principal Act is hereby further amended by repealing subsection (5), and substituting the following subsection:

“(5) An approved financial reporting standard or an amendment to an approved financial reporting standard or a determination by the Board under subsection (3A) of this section, as the case may be, takes effect on the 28th day after the date of the notification of the approval or the amendment or the determination in the *Gazette*.”

(3) Section 27 (6) of the principal Act is hereby amended—

(a) By inserting, after the word “standard”, in the second place where it appears, the words “or a determination made under subsection 3A of this section”; and

(b) By inserting, after the word “approval”, the words “or determination”.

**10. Revocation of approval**—Section 28 (2) of the principal Act is hereby amended by omitting the word “publication”, and substituting the word “notification”.

**11. Public notice**—The principal Act is hereby amended by repealing section 29, and substituting the following section:

“29. (1) The Board must give notice of—

“(a) The approval of a financial reporting standard and of any amendment to an approved financial reporting standard; and

“(b) Any determination made under section 27 (3A) of this Act; and

“(c) The revocation of any approval of a financial reporting standard and of any amendment to an approved financial reporting standard—

in the *Gazette* and in such publications as it considers appropriate for that purpose.

“(2) A notice under this section must—

- “(a) Identify the financial reporting standard approved or the amendment to the approved financial reporting standard, as the case may be, but need not incorporate it in the notice:
- “(b) Identify the financial reporting standard to which the determination relates, but need not incorporate it in the notice:
- “(c) Identify the approved financial reporting standard revoked or the amendment to an approved financial reporting standard revoked, as the case may be, but need not incorporate it in the notice.”

**12. Certificates of Board**—Section 34 (1) of the principal Act is hereby amended by inserting, after paragraph (a), the following paragraph:

- “(ab) The making of a determination under section 27 (3A) of this Act and the accounting period or interim accounting period in relation to which it applies; or”.

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This Act is administered in the Department of Justice.

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