



Securities Act (International Financial Reporting Standards—Prospective Financial Information) Exemption Notice 2004

Pursuant to the Securities Act 1978, the Securities Commission gives the following notice (to which is appended a statement of reasons of the Securities Commission).

Contents

1	Title	12	Exemption from clause 16(5) of Schedule 3A of Regulations
2	Commencement	13	Conditions of exemption in clause 12
3	Expiry	14	Exemption from clause 12(6) of Schedule 3B of Regulations
4	Interpretation	15	Conditions of exemption in clause 14
5	Application	16	Exemption from clause 12(5) of Schedule 3C of Regulations
6	Exemption from clause 42(2) of First Schedule of Regulations	17	Conditions of exemption in clause 16
7	Conditions of exemption in clause 6		
8	Exemption from clause 36(2) of Second Schedule of Regulations		
9	Conditions of exemption in clause 8		
10	Exemption from clause 38(2) of Third Schedule of Regulations		
11	Conditions of exemption in clause 10		

Notice

- 1 **Title**
This notice is the Securities Act (International Financial Reporting Standards—Prospective Financial Information) Exemption Notice 2004.

- 2 **Commencement**
This notice comes into force on the day after the date of its notification in the *Gazette*.

3 Expiry

This notice expires on the close of 31 December 2008.

4 Interpretation

(1) In this notice, unless the context otherwise requires,—

Act means the Securities Act 1978

IASCF constitution means the constitution of the International Accounting Standards Committee Foundation that is in force from time to time

IFRSs means—

- (a) International Financial Reporting Standards and International Accounting Standards that have been issued or adopted by the International Accounting Standards Board in accordance with the IASCF constitution; and
- (b) final interpretations by the International Financial Reporting Interpretations Committee approved by the International Accounting Standards Board in accordance with the IASCF constitution

NZ IFRSs means standards that—

- (a) are approved financial reporting standards under the Financial Reporting Act 1993; and
- (b) have been approved by the Accounting Standards Review Board on the basis that they correspond to IFRSs, whether or not approved by the Board in a different form to take account of New Zealand conditions or any other matter the Board considers relevant

pending NZ IFRSs means standards that—

- (a) have been published as pending financial reporting standards by the Accounting Standards Review Board on the basis that the Board is considering approving them; and
- (b) have been reviewed by the Accounting Standards Review Board on the basis that they correspond to IFRSs, whether or not the Board is considering their approval in a different form to take account of New Zealand conditions or any other matter the Board considers relevant; and
- (c) have not yet been replaced by NZ IFRSs

Regulations means the Securities Regulations 1983.

- (2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

5 Application

- (1) This notice applies to every issuer and person acting on behalf of the issuer in relation to a registered prospectus of the issuer that includes prospective financial information to which subclause (2) applies.
- (2) This subclause applies to prospective financial information if it is presented in the registered prospectus of the issuer in a manner that is consistent with—
- (a) NZ IFRSs; or
 - (b) pending NZ IFRSs.

6 Exemption from clause 42(2) of First Schedule of Regulations

Every person to whom this notice applies in relation to a registered prospectus relating to an offer of equity securities is exempt from clause 42(2) of the First Schedule of the Regulations.

7 Conditions of exemption in clause 6

- (1) It is a condition of the exemption in clause 6 that the auditor's report in the registered prospectus contains a statement that is related to the prospective financial information to which clause 5(2) applies in the following form:

"In our opinion, the prospective financial information set out at pp ... of this prospectus, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the issuer set out at pp ... of this prospectus and is presented on a basis that is consistent with the accounting policies that the company (group) reasonably expects to use upon adoption by the company (group) of New Zealand equivalents to International Financial Reporting Standards (whether because these have been approved as financial reporting standards, or

because these have been published as pending standards by the Accounting Standards Review Board).”

- (2) It is a condition of the exemption in clause 6 that if the registered prospectus contains prospective financial information to which clause 5(2) does not apply, the prospectus also contains, in respect of that information, a statement in the form required by clause 42(2) of the First Schedule of the Regulations, that also clearly identifies the prospective financial information to which it relates.

8 Exemption from clause 36(2) of Second Schedule of Regulations

Every person to whom this notice applies in relation to a registered prospectus relating to an offer of debt securities is exempt from clause 36(2) of the Second Schedule of the Regulations.

9 Conditions of exemption in clause 8

- (1) It is a condition of the exemption in clause 8 that the auditor’s report in the registered prospectus contains a statement that is related to the prospective financial information to which clause 5(2) applies in the following form:

“In our opinion, the prospective financial information set out at pp ... of this prospectus, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the issuer set out at pp ... of this prospectus and is presented on a basis that is consistent with the accounting policies that the company (group) reasonably expects to use upon adoption by the company (group) of New Zealand equivalents to International Financial Reporting Standards (whether because these have been approved as financial reporting standards, or because these have been published as pending standards by the Accounting Standards Review Board).”

- (2) It is a condition of the exemption in clause 8 that if the registered prospectus contains prospective financial information to which clause 5(2) does not apply, the prospectus also contains, in respect of that information, a statement in the form required by clause 36(2) of the Second Schedule of the

Regulations, that also clearly identifies the prospective financial information to which it relates.

10 Exemption from clause 38(2) of Third Schedule of Regulations

Every person to whom this notice applies in relation to a registered prospectus relating to an offer of participatory securities is exempt from clause 38(2) of the Third Schedule of the Regulations.

11 Conditions of exemption in clause 10

- (1) It is a condition of the exemption in clause 10 that the auditor's report in the registered prospectus contains a statement that is related to the prospective financial information to which clause 5(2) applies in the following form:

“In our opinion, the prospective financial information set out at pp ... of this prospectus, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the issuer set out at pp ... of this prospectus and is presented on a basis that is consistent with the accounting policies that the company (entity) reasonably expects to use upon adoption by the company (entity) of New Zealand equivalents to International Financial Reporting Standards (whether because these have been approved as financial reporting standards, or because these have been published as pending standards by the Accounting Standards Review Board).”

- (2) It is a condition of the exemption in clause 10 that if the registered prospectus contains prospective financial information to which clause 5(2) does not apply, the prospectus also contains, in respect of that information, a statement in the form required by clause 38(2) of the Third Schedule of the Regulations, that also clearly identifies the prospective financial information to which it relates.

12 Exemption from clause 16(5) of Schedule 3A of Regulations

Every person to whom this notice applies in relation to a registered prospectus relating to an offer of units in a unit trust

is exempt from clause 16(5) of Schedule 3A of the Regulations.

13 Conditions of exemption in clause 12

- (1) It is a condition of the exemption in clause 12 that the auditor's report in the registered prospectus contains a statement that is related to the prospective financial information to which clause 5(2) applies in the following form:

“In our opinion, the prospective financial information set out at pp ... of this prospectus, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the manager set out at pp ... of this prospectus and is presented on a basis that is consistent with the accounting policies that the manager reasonably expects to use in respect of the unit trust upon adoption of New Zealand equivalents to International Financial Reporting Standards (whether because these have been approved as financial reporting standards, or because these have been published as pending standards by the Accounting Standards Review Board).”

- (2) It is a condition of the exemption in clause 12 that if the registered prospectus contains prospective financial information to which clause 5(2) does not apply, the prospectus also contains, in respect of that information, a statement in the form required by clause 16(5) of Schedule 3A of the Regulations, that also clearly identifies the prospective financial information to which it relates.

14 Exemption from clause 12(6) of Schedule 3B of Regulations

Every person to whom this notice applies in relation to a registered prospectus relating to an offer of life insurance policies is exempt from clause 12(6) of Schedule 3B of the Regulations.

15 Conditions of exemption in clause 14

- (1) It is a condition of the exemption in clause 14 that the auditor's report in the registered prospectus contains a statement

that is related to the prospective financial information to which clause 5(2) applies in the following form:

“In our opinion, the prospective financial information set out at pp ... of this prospectus, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the issuer set out at pp ... of this prospectus and is presented on a basis that is consistent with the accounting policies that the issuer reasonably expects to use upon adoption by the issuer of New Zealand equivalents to International Financial Reporting Standards (whether because these have been approved as financial reporting standards, or because these have been published as pending standards by the Accounting Standards Review Board).”

- (2) It is a condition of the exemption in clause 14 that if the registered prospectus contains prospective financial information to which clause 5(2) does not apply, the prospectus also contains, in respect of that information, a statement in the form required by clause 12(6) of Schedule 3B of the Regulations, that also clearly identifies the prospective financial information to which it relates.

16 Exemption from clause 12(5) of Schedule 3C of Regulations

Every person to whom this notice applies in relation to a registered prospectus relating to an offer of interests in a superannuation scheme is exempt from clause 12(5) of Schedule 3C of the Regulations.

17 Conditions of exemption in clause 16

- (1) It is a condition of the exemption in clause 16 that the auditor’s report in the registered prospectus contains a statement that is related to the prospective financial information to which clause 5(2) applies in the following form:

“In our opinion, the prospective financial information set out at pp ... of this prospectus, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the superannuation trustee set out at pp ... of this prospectus and is

presented on a basis that is consistent with the accounting policies that the superannuation trustee reasonably expects to use in respect of the scheme upon adoption of New Zealand equivalents to International Financial Reporting Standards (whether because these have been approved as financial reporting standards, or because these have been published as pending standards by the Accounting Standards Review Board).”

- (2) It is a condition of the exemption in clause 16 that if the registered prospectus contains prospective financial information to which clause 5(2) does not apply, the prospectus also contains, in respect of that information, a statement in the form required by clause 12(5) of Schedule 3C of the Regulations, that also clearly identifies the prospective financial information to which it relates.

Dated at Wellington this 10th day of August 2004.

The Common Seal of the Securities Commission was affixed in the presence of:

[L.S.]

J. Diplock,
Chairperson.

Statement of reasons

This notice comes into force on the day after the date of its notification in the *Gazette* and expires on the close of 31 December 2008. It exempts issuers and persons acting on their behalf from the obligation to include a statement in the auditor’s report, to the extent that the statement relates to accounting policies that are normally adopted by or in respect of the company, group, entity, unit trust, or scheme.

The exemptions allow the use of accounting policies that are consistent with accounting policies that are reasonably expected to be used in the future, once New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs) are adopted (whether because

these have been approved as financial reporting standards, or because these have been published as pending standards by the Accounting Standards Review Board).

The exemptions are subject to the conditions that—

- a statement is included in the auditor's report in a form that indicates the accounting policies are consistent with those that are reasonably expected to be used in the future, once NZ IFRSs are adopted; and
- if the registered prospectus contains other prospective financial information, the usual statement referring to accounting policies that are normally adopted by or in respect of the company, group, entity, unit trust, or scheme is included in the registered prospectus, and that the prospective financial information to which it relates is clearly identified.

The Securities Commission considers the exemptions contained in this notice are appropriate because—

- the Accounting Standards Review Board (the **Board**), which is responsible for the approval of financial reporting standards in New Zealand, has announced its decision to adopt International Financial Reporting Standards issued by the International Accounting Standards Board; and
- although the effect of that decision will not be clear until it results in approved financial reporting standards under the Financial Reporting Act 1993, if the decision of the Board is implemented, these standards will apply to reporting periods beginning on or after 1 January 2007 and, in addition, entities will be able to elect to adopt New Zealand equivalents of those standards for reporting periods beginning on or after 1 January 2005; and
- during the period leading up to the adoption of NZ IFRSs by or in respect of an entity, group, or scheme, an issuer who presents prospective financial information should do so in accordance with the accounting policies reasonably expected to be used in the future for reporting historically oriented general purpose financial statements; and
- the relevant provisions of the Securities Regulations 1983 do not contemplate the situation in which the accounting policies that are expected to be applied to report historically oriented

**Securities Act (International Financial
Reporting Standards—Prospective
Financial Information) Exemption
Notice 2004**

2004/241

Statement
of reasons

general purpose financial information in the future are different from the accounting policies that are normally adopted by or in respect of a company, group, entity, unit trust, or scheme.

Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 12 August 2004.

This notice is administered by the Securities Commission.
