

## **New Zealand Equivalent to International Accounting Standard 26**

### **Accounting and Reporting by Retirement Benefit Plans (NZ IAS 26)**

**Issued November 2004 and incorporates amendments up to November 2007.**

This Standard was issued by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants\* and approved by the Accounting Standards Review Board in November 2004 under the Financial Reporting Act 1993.

This Standard, on adoption, supersedes Financial Reporting Standard No. 32 *Financial Reporting by Superannuation Plans*.

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\* The New Zealand Institute of Chartered Accountants is the operating name of the Institute of Chartered Accountants of New Zealand, a body established under the Institute of Chartered Accountants of New Zealand Act 1996. All references to the New Zealand Institute of Chartered Accountants, or to the Institute, in this document mean the Institute of Chartered Accountants of New Zealand.

NZ IAS 26

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New Zealand Equivalent to International Accounting Standard 26 *Accounting and Reporting by Retirement Benefit Plans* (NZ IAS 26) is set out in paragraphs 1-37. NZ IAS 26 is based on International Accounting Standard IAS 26 *Accounting and Reporting by Retirement Benefit Plans* (IAS 26) (reformatted 1994) issued by the International Accounting Standards Committee (IASC) and adopted by the International Accounting Standards Board (IASB). All the paragraphs have equal authority but retain the IASC format of the Standard when it was adopted by the IASB. NZ IAS 26 should be read in the context of the New Zealand *Preface* and the New Zealand Equivalent to the IASB *Framework for the Preparation and Presentation of Financial Statements* (NZ *Framework*). NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

Any additional material is shown with grey shading. The paragraphs are denoted with “NZ” and identify the types of entities to which the paragraphs apply.

This Standard uses the terminology adopted in International Financial Reporting Standards (IFRSs) to describe the financial statements and other elements. NZ IAS 1 *Presentation of Financial Statements* (as revised in 2007) paragraph 5 explains that entities other than profit-oriented entities seeking to apply the Standard may need to amend the descriptions used for particular line items in the financial statements and for the financial statements themselves. For example, profit/loss may be referred to as surplus/deficit and capital or share capital may be referred to as equity.

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## HISTORY OF AMENDMENTS

### Table of Pronouncements – NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans*

This table lists the pronouncements establishing and amending NZ IAS 26. The table is based on amendments approved as at 30 November 2007.

| <b>Pronouncements</b>  | <b>Date approved (ASRB approval)</b> | <b>Early operative date</b> | <b>Effective date (annual reporting periods... on or after ...)</b> |
|--|--------------------------------------|-----------------------------|---|
| NZ IAS 26 <i>Accounting and Reporting by Retirement Benefit Plans</i>  | Nov 2004 (Approval 17)               | 1 Jan 2005                  | 1 Jan 2007  |
| <i>Framework for Differential Reporting for Entities Applying the New Zealand Equivalents to IFRSs Financial Reporting Standards Reporting Regime (Framework for Differential Reporting)</i> | Jun 2005 (Approval 62)               | 1 Jan 2005                  | 1 Jan 2007  |
| NZ IAS 1 <i>Presentation of Financial Statements</i> (revised 2007)  | Nov 2007 (Approval 94)               | Early application permitted | 1 Jan 2009  |

| <b>Table of Amended Paragraphs in NZ IAS 26</b> |                     |  |
|---|---------------------|--|
| <b>Paragraph affected</b>                       | <b>How affected</b> | <b>By ... [date]</b>                                   |
| Introduction                                    | Amended             | <i>Framework for Differential Reporting</i> [Jun 2005] |
| Various NZ paragraphs                           | Terminology changed | NZ IAS 1 [Nov 2007]                                    |

## **Introduction to NZ IAS 26**

The Standard applies to both defined benefit plans and defined contribution plans when such plans are for the benefit of employees or others.

In adopting IAS 26 for application as NZ IAS 26 the following changes have been made. NZ IAS 26:

- (a) clarifies the scope of the Standard in relation to New Zealand superannuation schemes (paragraphs NZ 1.1 to 1.6);\*
- (b) defines promised retirement benefits and sponsor (paragraph NZ 8.1);
- (c) permits plans to present statements of net assets or balance sheets (paragraphs NZ 13.1 and NZ 17.2);
- (d) does not include the option for defined benefit plans to present the actuarial present value of promised retirement benefits in an accompanying actuarial report (paragraph 17). References to this presentation option have been deleted (paragraphs 22(c), 26, 28(c), 30, 31 and 35(d));
- (e) limits the presentation of actuarial present value of promised retirement benefits in the statement of net assets or statement of financial position to those plans that conduct an actuarial valuation at the end of each reporting period (paragraph NZ 17.1);
- (f) acknowledges the existence of legislative requirements for obtaining valuations (paragraph NZ 27.1);
- (g) requires a statement of cash flows to be prepared by all retirement benefit plans (paragraph NZ 34.1); and
- (h) includes a number of additional disclosures for defined contribution plans (paragraphs NZ 35.1 to NZ 35.2) and defined benefit plans (paragraphs NZ 35.3 to 35.6 and 36.1).

Entities that comply with NZ IAS 26, other than those entities applying paragraph NZ 1.5, will simultaneously be in compliance with IAS 26.

Entities applying paragraph NZ 1.5 will not comply with the requirements of IAS 26.

### **Differential Reporting**

Qualifying entities must comply with all the provisions in NZ IAS 26.

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\* Paragraphs 1 and 8 of IAS 26 appear to limit the scope of IAS 26 to retirement benefit plans whereby employers provide retirement benefits to employees. However, paragraph 9 states that "Some retirement benefit plans have sponsors other than employers; this Standard also applies to the reports of such plans." The International Financial Reporting Interpretations Committee has confirmed that IAS 26 is intended to apply to a broad range of retirement benefit plans.

## **New Zealand Equivalent to International Accounting Standard 26**

### **Accounting and Reporting by Retirement Benefit Plans (NZ IAS 26)**

#### **SCOPE**

- 1 [Paragraph 1 is not reproduced. The scope of the Standard is set out in paragraph NZ 1.1.]

#### **All Entities**

**NZ 1.1. Except as specified in paragraph NZ 1.5, this Standard shall be applied in the general purpose financial statements of all retirement benefit plans including plans established by employers to provide benefits to employees and plans whereby individuals make contributions for their retirement.**

NZ 1.2. Retirement benefit plans include:

- (a) superannuation schemes as defined in section 2 of the Superannuation Schemes Act 1989;
- (b) registered and unregistered schemes; and
- (c) formal and informal schemes.

NZ 1.3. A unit trust may, but will not always, fall within the legal definition of a superannuation scheme (as defined in section 2 of the Superannuation Schemes Act 1989), since unit trusts are frequently investment vehicles rather than retirement product vehicles.

NZ 1.4. In this Standard references to:

- (a) employers should be read as including sponsors;
- (b) employees should be read as including all members of the plan, but not other participants who are entitled to benefits under the plan; and
- (c) benefits attributable to the service already rendered should be read as including benefits attributable to membership of the scheme up to the balance sheet date.

NZ 1.5. Superannuation schemes that are not issuers as defined by section 4 of the Financial Reporting Act 1993 and with membership at the balance sheet date consisting of one person, or two persons where each member is able to obtain special purpose financial information that meets their needs are not required to comply with this Standard. Superannuation schemes using paragraph NZ 1.5 will not be able to assert compliance with International Financial Reporting Standards.

NZ 1.6. Compliance with this Standard meets the Government Actuary's interpretation of the disclosures required by section 13(1)(b) of the Superannuation Schemes Act 1989.

- 2 Retirement benefit plans are sometimes referred to by various other names, such as 'pension schemes', 'superannuation schemes' or 'retirement benefit schemes'. This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. All other New Zealand equivalents to International Financial Reporting Standards apply to the reports of retirement benefit plans to the extent that they are not superseded by this Standard.
- 3 This Standard deals with accounting and reporting by the plan to all participants as a group. It does not deal with reports to individual participants about their retirement benefit rights.
- 4 NZ IAS 19 *Employee Benefits* is concerned with the determination of the cost of retirement benefits in the financial statements of employers having plans. Hence this Standard complements NZ IAS 19.
- 5 Retirement benefit plans may be defined contribution plans or defined benefit plans. Many require the creation of separate funds, which may or may not have separate legal identity and may or may not have trustees, to which contributions are made and from which retirement benefits are paid. This Standard applies regardless of whether such a fund is created and regardless of whether there are trustees.
- 6 Retirement benefit plans with assets invested with insurance companies are subject to the same accounting and funding requirements as privately invested arrangements. Accordingly, they are within the scope of this Standard unless the contract with the insurance company is in the name of a specified participant or a group of participants and the retirement benefit obligation is solely the responsibility of the insurance company.
- 7 This Standard does not deal with other forms of employment benefits such as employment termination indemnities, deferred compensation arrangements, long-service leave benefits, special early retirement or redundancy plans, health and welfare plans or bonus plans. Government social security type arrangements are also excluded from the scope of this Standard.

## DEFINITIONS

8 The following terms are used in this Standard with the meanings specified:

*Retirement benefit plans* are arrangements whereby an entity provides benefits for its employees on or after termination of service (either in the form of an annual income or as a lump sum) when such benefits, or the employer's contributions towards them, can be determined or estimated in advance of retirement from the provisions of a document or from the entity's practices.

*Defined contribution plans* are retirement benefit plans under which amounts to be paid as retirement benefits are determined by contributions to a fund together with investment earnings thereon.

*Defined benefit plans* are retirement benefit plans under which amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings and/or years of service.

*Funding* is the transfer of assets to an entity (the **fund**) separate from the employer's entity to meet future obligations for the payment of retirement benefits.

For the purposes of this Standard the following terms are also used:

*Participants* are the members of a retirement benefit plan and others who are entitled to benefits under the plan.

*Net assets available for benefits* are the assets of a plan less liabilities other than the actuarial present value of promised retirement benefits.

*Actuarial present value of promised retirement benefits* is the present value of the expected payments by a retirement benefit plan to existing and past employees, attributable to the service already rendered.

*Vested benefits* are benefits, the rights to which, under the conditions of a retirement benefit plan, are not conditional on continued employment.

### All Entities

NZ 8.1. The following terms are used in this Standard with the meanings specified:

*Promised retirement benefits*:

- (a) in a defined benefit plan, are benefits which the plan is presently obliged to transfer in the future to employees and participants as a result of membership of the plan up to the date at which the actuarial valuation of promised retirement benefits is determined.

**(b) in a defined contribution plan, are benefits that the plan is presently obliged to transfer in the future to employees and participants as a result of membership of the plan up to the balance sheet date. Promised retirement benefits encompass benefits that have been allocated, where appropriate, to individual employees' accounts, employers' accounts and reserves. Reserves include forfeited benefits and are amounts that a defined contribution plan has not allocated to employees or employers. These amounts may have been designated as reserves by the plan's trust deed or appropriated for specific or general purposes by the plan's trustees. If an obligation to transfer to employers or other entities arises in respect of any amounts classified as reserves, these amounts shall cease to be classified under liability for promised retirement benefits, and shall instead be transferred from reserves and reclassified as other liabilities.**

***Sponsor* – In an employer retirement benefit plan, the sponsor is the employer. In any other retirement benefit plan, the sponsor is the association, committee or other parties (including employers) who administer and/or fund the plan.**

- 9 Some retirement benefit plans have sponsors other than employers; this Standard also applies to the reports of such plans.
- 10 Most retirement benefit plans are based on formal agreements. Some plans are informal but have acquired a degree of obligation as a result of employers' established practices. While some plans permit employers to limit their obligations under the plans, it is usually difficult for an employer to cancel a plan if employees are to be retained. The same basis of accounting and reporting applies to an informal plan as to a formal plan.
- 11 Many retirement benefit plans provide for the establishment of separate funds into which contributions are made and out of which benefits are paid. Such funds may be administered by parties who act independently in managing fund assets. Those parties are called trustees in some countries. The term trustee is used in this Standard to describe such parties regardless of whether a trust has been formed.
- 12 Retirement benefit plans are normally described as either defined contribution plans or defined benefit plans, each having their own distinctive characteristics. Occasionally plans exist that contain characteristics of both. Such hybrid plans are considered to be defined benefit plans for the purposes of this Standard.

## **DEFINED CONTRIBUTION PLANS**

- 13 **The report of a defined contribution plan shall contain a statement of net assets available for benefits and a description of the funding policy.**

**All Entities**

NZ 13.1. To fulfil the requirements of paragraph 13 in relation to the presentation of a statement of net assets available for benefits, an entity may present the information required in a statement of financial position.

- 14 Under a defined contribution plan, the amount of a participant's future benefits is determined by the contributions paid by the employer, the participant, or both, and the operating efficiency and investment earnings of the fund. An employer's obligation is usually discharged by contributions to the fund. An actuary's advice is not normally required although such advice is sometimes used to estimate future benefits that may be achievable based on present contributions and varying levels of future contributions and investment earnings.
- 15 The participants are interested in the activities of the plan because they directly affect the level of their future benefits. Participants are interested in knowing whether contributions have been received and proper control has been exercised to protect the rights of beneficiaries. An employer is interested in the efficient and fair operation of the plan.
- 16 The objective of reporting by a defined contribution plan is periodically to provide information about the plan and the performance of its investments. That objective is usually achieved by providing a report including the following:
  - (a) a description of significant activities for the period and the effect of any changes relating to the plan, and its membership and terms and conditions;
  - (b) statements reporting on the transactions and investment performance for the period and the financial position of the plan at the end of the period; and
  - (c) a description of the investment policies.

**DEFINED BENEFIT PLANS**

- 17 **The report of a defined benefit plan shall contain either:**
  - (a) **a statement that shows:**
    - (i) **the net assets available for benefits;**
    - (ii) **the actuarial present value of promised retirement benefits, distinguishing between vested benefits and non-vested benefits; and**
    - (iii) **the resulting excess or deficit; or**
  - (b) **a statement of net assets available for benefits including either:**

- (i) **a note disclosing the actuarial present value of promised retirement benefits, distinguishing between vested benefits and non-vested benefits; or**
- (ii) [Paragraph 17(b)(ii) of IAS 26 is not reproduced in this Standard. NZ IAS 26 requires the actuarial present value of promised retirement benefits to be included either in the statement of net assets or in a note to that statement.]

**If an actuarial valuation has not been prepared at the date of the report, the most recent valuation should be used as a base and the date of the valuation disclosed.**

#### **All Entities**

**NZ 17.1. The report of a defined benefit plan shall contain a statement that includes in the statement the actuarial present value of promised retirement benefits, distinguishing between vested benefits and non-vested benefits if, and only if, at the end of each reporting period the actuarial present value of promised retirement benefits of the plan is measured by an actuarial valuation.**

NZ 17.2. To fulfil the requirements of paragraph 17(a) and NZ 17.1 in relation to the presentation of a statement of net assets available for benefits, an entity may present the information required in a statement of financial position.

- 18 For the purposes of paragraph 17, the actuarial present value of promised retirement benefits shall be based on the benefits promised under the terms of the plan on service rendered to date using either current salary levels or projected salary levels with disclosure of the basis used. The effect of any changes in actuarial assumptions that have had a significant effect on the actuarial present value of promised retirement benefits shall also be disclosed.**
- 19 The report shall explain the relationship between the actuarial present value of promised retirement benefits and the net assets available for benefits, and the policy for the funding of promised benefits.**
- 20 Under a defined benefit plan, the payment of promised retirement benefits depends on the financial position of the plan and the ability of contributors to make future contributions to the plan as well as the investment performance and operating efficiency of the plan.
- 21 A defined benefit plan needs the periodic advice of an actuary to assess the financial condition of the plan, review the assumptions and recommend future contribution levels.

- 22 The objective of reporting by a defined benefit plan is periodically to provide information about the financial resources and activities of the plan that is useful in assessing the relationships between the accumulation of resources and plan benefits over time. This objective is usually achieved by providing a report including the following:
- (a) a description of significant activities for the period and the effect of any changes relating to the plan, and its membership and terms and conditions;
  - (b) statements reporting on the transactions and investment performance for the period and the financial position of the plan at the end of the period;
  - (c) actuarial information [Paragraph 22(c) amended to delete reference to the provision of actuarial information by way of a separate report. NZ IAS 26 requires actuarial information to be provided as part of the financial statements]; and
  - (d) a description of the investment policies.

### **Actuarial Present Value of Promised Retirement Benefits**

- 23 The present value of the expected payments by a retirement benefit plan may be calculated and reported using current salary levels or projected salary levels up to the time of retirement of participants.
- 24 The reasons given for adopting a current salary approach include:
- (a) the actuarial present value of promised retirement benefits, being the sum of the amounts presently attributable to each participant in the plan, can be calculated more objectively than with projected salary levels because it involves fewer assumptions;
  - (b) increases in benefits attributable to a salary increase become an obligation of the plan at the time of the salary increase; and
  - (c) the amount of the actuarial present value of promised retirement benefits using current salary levels is generally more closely related to the amount payable in the event of termination or discontinuance of the plan.
- 25 Reasons given for adopting a projected salary approach include:
- (a) financial information should be prepared on a going concern basis, irrespective of the assumptions and estimates that must be made;
  - (b) under final pay plans, benefits are determined by reference to salaries at or near retirement date; hence salaries, contribution levels and rates of return must be projected; and
  - (c) failure to incorporate salary projections, when most funding is based on salary projections, may result in the reporting of an apparent overfunding when the

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plan is not overfunded, or in reporting adequate funding when the plan is underfunded.

- 26 The actuarial present value of promised retirement benefits based on current salaries is disclosed in the report of a plan to indicate the obligation for benefits earned to the date of the report. The actuarial present value of promised retirement benefits based on projected salaries is disclosed to indicate the magnitude of the potential obligation on a going concern basis which is generally the basis for funding. In addition to disclosure of the actuarial present value of promised retirement benefits, sufficient explanation may need to be given so as to indicate clearly the context in which the actuarial present value of promised retirement benefits should be read. Such explanation may be in the form of information about the adequacy of the planned future funding and of the funding policy based on salary projections.

[Paragraph 26 – final sentence deleted. NZ IAS 26 requires actuarial information to be provided as part of the financial statements].

### **Frequency of Actuarial Valuations**

- 27 In many countries, actuarial valuations are not obtained more frequently than every three years. If an actuarial valuation has not been prepared at the date of the report, the most recent valuation is used as a base and the date of the valuation disclosed.

#### **All Entities**

NZ 27.1. In the New Zealand context the Superannuation Schemes Act 1989 (section 15) requires that the trustees of registered superannuation schemes that operate on the principle of unallocated funding or provide benefits that are dependent upon the contingencies of human life, and the risks associated with those benefits are not fully insured with a company engaged in the business of life insurance, obtain actuarial examinations of the financial position of the scheme at least every three years. When there has been a material change in a defined benefit plan, such as change in the composition of membership, it may be appropriate to obtain an actuarial valuation on a more frequent basis than every three years.

### **Report Content**

- 28 For defined benefit plans, information is presented in one of the following formats which reflect different practices in the disclosure and presentation of actuarial information:
- a statement is included in the report that shows the net assets available for benefits, the actuarial present value of promised retirement benefits, and the resulting excess or deficit. The report of the plan also contains statements of

changes in net assets available for benefits and changes in the actuarial present value of promised retirement benefits. The report may include a separate actuary's report supporting the actuarial present value of promised retirement benefits; and

- (b) a report that includes a statement of net assets available for benefits and a statement of changes in net assets available for benefits. The actuarial present value of promised retirement benefits is disclosed in a note to the statements. The report may also include a report from an actuary supporting the actuarial present value of promised retirement benefits.
- (c) [Paragraph 28(c) deleted. NZ IAS 26 requires actuarial information to be provided as part of the financial statements.]

In each format a trustees' report in the nature of a management or directors' report and an investment report may also accompany the statements.

- 29 Those in favour of the formats described in paragraphs 28(a) and 28(b) believe that the quantification of promised retirement benefits and other information provided under those approaches help users to assess the current status of the plan and the likelihood of the plan's obligations being met. They also believe that financial reports should be complete in themselves and not rely on accompanying statements. However, some believe that the format described in paragraph 28(a) could give the impression that a liability exists, whereas the actuarial present value of promised retirement benefits does not in their opinion have all the characteristics of a liability.
- 30-31 [Paragraphs 30 and 31 are not reproduced. NZ IAS 26 requires actuarial information to be provided as part of the financial statements.]

## ALL PLANS

### Valuation of Plan Assets

- 32 **Retirement benefit plan investments shall be carried at fair value. In the case of marketable securities fair value is market value. Where plan investments are held for which an estimate of fair value is not possible disclosure shall be made of the reason why fair value is not used.**
- 33 In the case of marketable securities fair value is usually market value because this is considered the most useful measure of the securities at the report date and of the investment performance for the period. Those securities that have a fixed redemption value and that have been acquired to match the obligations of the plan, or specific parts thereof, may be carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity. Where plan investments are held for which an estimate of fair value is not possible, such as total ownership of an entity, disclosure is made of the reason why fair value is not used. To the extent that investments are carried at amounts other than market

value or fair value, fair value is generally also disclosed. Assets used in the operations of the fund are accounted for in accordance with the applicable New Zealand International Accounting Standards.

### **Disclosure**

- 34 The report of a retirement benefit plan, whether defined benefit or defined contribution, shall also contain the following information:
- (a) a statement of changes in net assets available for benefits;
  - (b) a summary of significant accounting policies; and
  - (c) a description of the plan and the effect of any changes in the plan during the period.

#### **All Entities**

#### **Statement of Cash Flows**

**NZ 34.1. The report of a retirement benefit plan, whether defined benefit or defined contribution, shall also contain a statement of cash flows.**

- 35 Reports provided by retirement benefit plans include the following, if applicable:
- (a) a statement of net assets available for benefits disclosing:
    - (i) assets at the end of the period suitably classified;
    - (ii) the basis of valuation of assets;
    - (iii) details of any single investment exceeding either 5% of the net assets available for benefits or 5% of any class or type of security;
    - (iv) details of any investment in the employer; and
    - (v) liabilities other than the actuarial present value of promised retirement benefits;
  - (b) a statement of changes in net assets available for benefits showing the following:
    - (i) employer contributions;
    - (ii) employee contributions;
    - (iii) investment income such as interest and dividends;
    - (iv) other income;
    - (v) benefits paid or payable (analysed, for example, as retirement, death and disability benefits, and lump sum payments);
    - (vi) administrative expenses;
    - (vii) other expenses;

- (viii) taxes on income;
- (ix) profits and losses on disposal of investments and changes in value of investments; and
- (x) transfers from and to other plans;
- (c) a description of the funding policy;
- (d) for defined benefit plans, the actuarial present value of promised retirement benefits (which may distinguish between vested benefits and non-vested benefits) based on the benefits promised under the terms of the plan, on service rendered to date and using either current salary levels or projected salary levels; [Paragraph 35(d) final clause is not reproduced. NZ IAS 26 requires actuarial information to be provided as part of the financial statements.] and
- (e) for defined benefit plans, a description of the significant actuarial assumptions made and the method used to calculate the actuarial present value of promised retirement benefits.

**All Entities**

**Defined Contribution Plans – Statement of Net Assets/Statement of financial position**

NZ 35.1. In addition to the information required by paragraph 35, the statement of net assets/statement of financial position of a defined contribution plan shall also disclose:

- (a) the liability for promised retirement benefits;
- (b) separately, the amount of promised retirement benefits allocated, when appropriate, to employees' accounts, employers' accounts and the amount of reserves; and
- (c) by way of note:
  - (i) details of any investment in a related party of the employer;
  - (ii) movements in the liability for promised retirement benefits and each of its components;
  - (iii) the trust deed's provisions and trustees' policies in respect of the use of reserves;
  - (iv) the value of vested benefits and the significant actuarial assumptions made and the method used to calculate the value of vested benefits;

(v) any benefits that have been guaranteed, the identity of the guarantor(s), the nature of the guarantee(s) and any changes from the corresponding preceding reporting period; and

(vi) any contributions receivable, disaggregated into those receivable from employers and those receivable from employees.

**Defined Contribution Plans – Statement of Changes in Net Assets**

NZ 35.2. In addition to the information required by paragraph 35, the statement of changes in net assets of a defined contribution plan shall also disclose:

- (a) expenses other than benefit outflows, showing separately:
  - (i) those directly related to investment activities;
  - (ii) total trustees' remuneration, whether direct or indirect, from the plan to all trustees for the financial period; and
  - (iii) insurance expense for death and disability cover; and
- (b) the amount of benefits accrued during the reporting period, measured as the difference between revenues and expenses.

**Defined Benefit Plans – Statement of Net Assets/Statement of Financial Position (paragraph 17(a))**

NZ 35.3. In addition to the information required by paragraph 35, the statement of net assets/statement of financial position of a defined benefit plan that adopts the format in paragraph 17(a) shall also disclose by way of note:

- (a) details of any investment in a related party of the employer;
- (b) movements in the liability for promised retirement benefits;
- (c) the value of vested benefits and the significant actuarial assumptions made and the method used to calculate the value of vested benefits;
- (d) any benefits that have been guaranteed, the identity of the guarantor(s), the nature of the guarantee(s) and any changes from the corresponding preceding reporting period; and
- (e) any contributions receivable, disaggregated into those receivable from employers and those receivable from employees.

**Defined Benefit Plans – Statement of Changes in Net Assets (paragraph 17(a))**

NZ 35.4. In addition to the information required by paragraph 35, the statement of changes in net assets of a defined benefit plan that that adopts the format in paragraph 17(a) shall also disclose:

- (a) expenses other than benefit outflows, showing separately:
  - (i) those directly related to investment activities;
  - (ii) total trustees' remuneration, whether direct or indirect, from the plan to all trustees for the financial period; and
  - (iii) insurance expense for death and disability cover;
- (b) the amount of benefits accrued during the reporting period;
- (c) the profit or loss measured as the difference between revenues and expenses; and
- (d) by way of note, the principal components of the change during the reporting period in the promised retirement benefits.

**Defined Benefit Plans – Statement of Net Assets/Statement of Financial Position (paragraph 17(b))**

NZ 35.5. In addition to the information required by paragraph 35, the statement of net assets/statement of financial position of a defined benefit plan that adopts the format in paragraph 17(b) shall also disclose:

- (a) net assets available to pay the benefits; and
- (b) by way of note:
  - (i) details of any investment in a related party of the employer;
  - (ii) the date at which the actuarial value of promised retirement benefits were determined;
  - (iii) when promised retirement benefits have been measured during the reporting period, the benefits that have accrued since the last date at which the actuarial value of promised retirement benefits were determined;
  - (iv) the value of vested benefits and the significant actuarial assumptions made and the method used to calculate the value of vested benefits;
  - (v) any benefits that have been guaranteed, the identity of the guarantor(s), the nature of the guarantee(s) and any changes from the corresponding preceding reporting period; and
  - (vi) any contributions receivable, disaggregated into those receivable from employers and those receivable from employees.

**Defined Benefit Plans – Statement of Changes in Net Assets (paragraph 17(b))**

NZ 35.6. In addition to the information required by paragraph 35, the statement of changes in net assets of a defined benefit plan that adopts the format in paragraph 17(b) shall also disclose:

- (a) the amount of net assets available to pay benefits as at the beginning and end of the reporting period;
- (b) revenues, other than investment revenues and contribution inflows, showing separately proceeds from insurance policies;
- (c) expenses directly related to investment activities;
- (d) total trustees' remuneration, whether direct or indirect, from the plan to all trustees for the financial period;
- (e) insurance expense for death and disability cover; and
- (f) the increase (decrease) in net assets during the reporting period.

36 The report of a retirement benefit plan contains a description of the plan, either as part of the financial information or in a separate report. It may contain the following:

- (a) the names of the employers and the employee groups covered;
- (b) the number of participants receiving benefits and the number of other participants, classified as appropriate;
- (c) the type of plan – defined contribution or defined benefit;
- (d) a note as to whether participants contribute to the plan;
- (e) a description of the retirement benefits promised to participants;
- (f) a description of any plan termination terms; and
- (g) changes in items (a) to (f) during the period covered by the report.

It is not uncommon to refer to other documents that are readily available to users and in which the plan is described, and to include only information on subsequent changes in the report.

**All Entities****Defined Benefit Plans – Summary of Actuarial Report**

NZ 36.1. In addition to the information required by paragraph 36, the financial statements of a defined benefit plan shall also have appended to them or shall include by a way of note, a summary of the most recent actuarial report prepared for the plan in accordance with the requirements of the Superannuation Schemes Act 1989, or an equivalent report for unregistered plans. That summary shall include:

- (a) the effective date of the actuarial report;
- (b) the name and qualifications of the actuary;
- (c) significant actuarial assumptions;
- (d) the relationship between the actuarial present value of promised retirement benefits and the actuarial value of the assets and how that relationship is expected to change over the period until the next actuarial investigation if the assumptions used to calculate the actuarial present value of promised retirement benefits are borne out in practice;
- (e) the relationship between the actuarial present value of vested benefits with the fair value of the assets and how that relationship is expected to change by the date of the next actuarial investigation, if the assumptions used to calculate the actuarial value of the promised retirement benefits are borne out in practice;
- (f) if the actuarial value of the assets differs from the net assets shown under paragraph 35, an explanation of the difference;
- (g) the opinion of the actuary, if any, as to the financial condition of the plan at the valuation date. Where the actuary does not express an opinion as to the financial condition of the plan, that fact shall be disclosed; and
- (h) the actuary's recommendation of the level of future contributions.

**EFFECTIVE DATE**

**37 This Standard becomes operative for an entity's financial statements that cover annual accounting periods beginning on or after 1 January 2007. Early adoption of this Standard is permitted only when an entity complies with NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* for an annual accounting period beginning on or after 1 January 2005.**

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