

New Zealand Institute of Chartered Accountants<sup>†</sup>

## Exposure Draft No. 116

May 2009

### ED 116 Operating Segments – Amendment to NZ IFRS 8

This exposure draft proposes to align the scope of NZ IFRS 8 *Operating Segments* with the scope of IFRS 8 *Operating Segments*. This would result in fewer New Zealand entities being required to comply with NZ IFRS 8. The exposure draft proposes the deletion of paragraph NZ 2.1

Issued by the Financial Reporting Standards Board  
New Zealand Institute of Chartered Accountants

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<sup>†</sup> The New Zealand Institute of Chartered Accountants is the operating name for 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.

## INTRODUCTION

The Financial Reporting Standards Board (FRSB) of the New Zealand Institute of Chartered Accountants is proposing to amend the scope of NZ IFRS 8 *Operating Segments*. The proposed amendment would align the scope of NZ IFRS 8 with that of IFRS 8.

The background to this proposal is outlined in the Request for Comment that accompanies this ED.

## AMENDMENT TO NZ IFRS 8 OPERATING SEGMENTS

Amend the description of scope in the Introduction to NZ IFRS 8 as shown.  
New text is underlined. Deleted text is struck through.

## SCOPE

...

In adopting IFRS 8 as NZ IFRS 8, the following changes have been made:

- ~~(a) all profit-oriented entities other than qualifying entities as defined in the Framework for Differential Reporting for Entities Applying the New Zealand Equivalents to International Financial Reporting Standards Reporting Regime are required to comply with this Standard (paragraph NZ 2.1);~~
- (a) public benefit entities are not required to comply with the requirements of this Standard (paragraph NZ 2.2); and
- (b) a definition of public benefit entities has been included (Appendix A).

Profit-oriented entities that comply with NZ IFRS 8 will simultaneously be in compliance with IFRS 8.

Public benefit entities that issue, or are in the process of issuing, debt or equity securities as described in paragraph 2 and that elect not to provide segment information as permitted by ~~in accordance with~~ paragraph NZ 2.2 will not comply with IFRS 8.

Delete paragraph NZ 2.1.

- 2 This NZ IFRS shall apply to:
  - (a) the separate or individual financial statements of an entity:
    - (i) whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
    - (ii) that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
  - (b) the consolidated financial statements of a group with a parent:
    - i) whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
    - (ii) that files, or is in the process of filing, the consolidated financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

### **All Entities**

~~NZ 2.1 [Deleted]~~ In addition to the financial statements specified above in paragraph 2, this NZ IFRS shall also apply to:

- ~~(a) the separate or individual financial statements of an entity that does not qualify for differential reporting concessions in accordance with the Framework for Differential~~

*Reporting for Entities Applying the New Zealand Equivalents to International Financial Reporting Standards Reporting Regime; and*

- (b) ~~the consolidated financial statements of a group with a parent that does not qualify for differential reporting concessions in accordance with the *Framework for Differential Reporting for Entities Applying the New Zealand Equivalents to International Financial Reporting Standards Reporting Regime*.~~

#### **Public Benefit Entities**

NZ 2.2 Public benefit entities are not required to comply with the requirements of this NZ IFRS.

Insert paragraph NZ 36.1 as shown below.

### **TRANSITION AND EFFECTIVE DATE**

35 An entity shall apply this NZ IFRS in its annual financial statements for periods beginning on or after 1 January 2009. Earlier application is permitted only when an entity complies, or has complied, with NZ IFRS 1 *First-Time Adoption of New Zealand Equivalents to International Financial Reporting Standards* in its annual financial statements for a period beginning on or after 1 January 2005. If an entity applies this NZ IFRS in its financial statements for a period before 1 January 2009, it shall disclose that fact.

35A Paragraph 23 was amended by *Improvements to NZ IFRSs* issued in May 2009. An entity shall apply that amendment for annual periods beginning on or after 1 January 2010. Earlier application is permitted. If an entity applies the amendment for an earlier period it shall disclose that fact.

36 Segment information for prior years that is reported as comparative information for the initial year of application (including application of the amendment to paragraph 23 made in May 2009) shall be restated to conform to the requirements of this NZ IFRS, unless the necessary information is not available and the cost to develop it would be excessive.

36ANZ IAS 1 (as revised in 2007) amended the terminology used throughout New Zealand equivalents to IFRSs. In addition, it amended paragraph 23(f). An entity shall apply those amendments for annual periods beginning on or after 1 January 2009. If an entity applies NZ IAS 1 (revised 2007) for an earlier period, the amendments shall be applied for that earlier period.

#### **Public Benefit Entities**

NZ 36.1 *Operating Segments – Amendment to NZ IFRS 8* amended the scope of this NZ IFRS by deleting paragraph NZ 2.1. An entity shall apply that amendment for annual periods beginning on or after 1 January 2009. If an entity applies NZ IFRS 8 for an earlier period, the amendment may be applied for that earlier period. Where the amendment is applied to an earlier period that fact should be disclosed.

### **AMENDMENT TO THE FRAMEWORK FOR DIFFERENTIAL REPORTING (Amendment identified at FRSB meeting)**

In Appendix 1 to the *Framework for Differential Reporting for Entities Applying the New Zealand Equivalents to International Financial Reporting Standards Reporting Regime* (2005) amend the description of NZ IFRS 8 as shown.

New text is underlined. Deleted text is struck through.

### **FULL COMPLIANCE (No Differential Reporting Concessions)**

Qualifying entities must comply with all the provisions in the following standards:

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NZ IFRS 8 *Operating Segments* (applicable only to entities whose equity or debt securities are publicly traded and entities that are in the process of issuing equity or debt securities in public securities markets, ~~and profit-oriented entities other than qualifying entities~~. Not applicable to public benefit entities)

#### **Effective Date**

It is proposed that:

- this amendment be effective for annual periods beginning on or after 1 January 2009; and
- early application of the amendment be permitted.