



COVERSHEET

Minister	Hon Dr David Clark	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Adjustments to monetary amounts used for financial reporting purposes	Date to be published	16 November 2021

List of documents that have been proactively released

Date	Title	Author
September 2021	Cabinet Paper: Adjustments to monetary amounts used for financial reporting purposes	Office of the Minister of Commerce and Consumer Affairs
30 September 2021	LEG-21-MIN-0160	Cabinet Office

Information redacted

NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



Cabinet Legislation Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Financial Reporting (Inflation Adjustments) Regulations 2021

Portfolio **Commerce and Consumer Affairs**

On 30 September 2021, the Cabinet Legislation Committee:

- 1 **noted** that the Financial Reporting Act 2013 requires the responsible Minister to review dollar amounts to take into account inflation, as specified in section 45 and 46 of that Act, section 42D of the Charities Act 2005, section 204(3) of the Companies Act 1993 and section 64(2) of the Friendly Societies and Credit Unions Act 1982;
- 2 **noted** that the CPI increased by 11.3 per cent from the first quarter of 2014 to the second quarter of 2021;
- 3 **agreed** that the revised rounded amounts to be recommended to the Governor General will be:
 - 3.1 total assets exceeding \$66 million or total annual revenue exceeding \$33 million for a company and its subsidiaries for determining whether a company is a reporting entity;
 - 3.2 total assets exceeding \$22 million or total annual revenue exceeding \$11 million for an overseas company in relation to its New Zealand business for determining whether an overseas company is a reporting entity,
 - 3.3 total assets of \$66 million or total annual revenue exceeding \$33 million for certain entities specified under other legislation for determining whether an entity is a reporting entity;
 - 3.4 total annual expenditure is \$33 million or more for not permitting a friendly society or branch of a friendly society to opt out of financial reporting;
 - 3.5 total operating expenditure \$1.1 million or more for requiring a registered charity to have its financial statements audited;
 - 3.6 total operating expenditure of \$550,000 or more, but less than \$1.1 million for requiring a registered charity to have its financial statements audited or reviewed; and
 - 3.7 total operating payments of less than \$140,000 to permit a registered charity to report in accordance with the XRB's simple format cash reporting standard;

- 4 **authorised** the submission to the Executive Council of the Financial Reporting (Inflation Adjustments) Regulations 2021 [PCO 24040/6.0];
- 5 **noted** that the Regulations come into force on 1 November 2021.

Rebecca Davies
Committee Secretary

Present:

Hon Chris Hipkins (Chair)
Hon David Parker
Hon Nanaia Mahuta
Hon Poto Williams
Hon Kris Faafoi
Hon Michael Wood
Hon Kiri Allan
Hon Dr David Clark
Hon Phil Twyford

Officials present from:

Office of the Prime Minister
Officials Committee for LEG