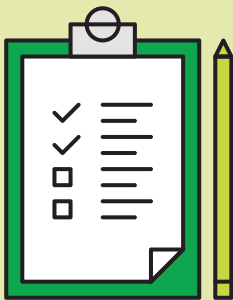


PBS FRS 48

Service Performance Reporting

If you are involved with a Tier 1 or 2 not-for-profit (NFP) entity, such as a registered charity, now is a great time to ensure you are up to speed with the requirements of the new standard, PBS FRS 48 Service Performance Reporting, and ready to report your entity's performance and overall strategy in your Annual Report.

1 January 2022 sees the introduction of this new standard, although early adoption is permitted, meaning there is nothing stopping you including this information in your 2020 or 2021 Annual Report.



It is a great time to start determining what information you will report on and to collect 'comparative information', - information on how your entity has been performing and what you have been achieving during 2020 and 2021.

Key Information

You are required to report

- WHY does your entity exist? (i.e. what is your vision, mission or strategic objective?)
- HOW does your entity achieve its goals? (i.e. what is your entity's main activity and who does it deliver this to?)
- WHAT did your entity do during the financial year? (i.e. what did your entity deliver during the year?)
- DISCLOSURE of judgements (i.e. how did you decide which information to include in your report?)

In terms of detail, PBS FRS 48 requires you to:

1. Present service performance information and financial statements within the same report, clearly identifying the service performance information;
2. Include information that is appropriate and meaningful to users;
3. Provide users with:
 - a sufficient contextual information to understand why your entity exists, what you intend to achieve in broad terms over the medium to long term, and how you go about this; and
 - b information about what your entity has done during the reporting period in working towards your broader aims and objectives;
4. Use the same reporting period for both your financial and service performance information;
5. Disclose the significant judgements you made in determining what information you report; and
6. Provide comparative information (i.e. report on service performance achieved during the previous financial year).

Now, for tomorrow

Why was this standard introduced?

Stakeholders are increasingly demanding more information on an entity's performance, other than just how they are meeting their financial targets. PBS FRS 48 reflects the fact that financial statements provide some, but not all, of the information stakeholders require.

FRS 48 introduces high-level requirements which allow entities to determine how best to 'tell their performance story'.

This is opportunity to communicate your entity's strategic plan and key performance indicators (KPIs) with those who are using, and contributing to, your organisation.

Readers of the financial statements are commonly interested in understanding:

- Whether an entity has used funds for the purpose intended
- What it has achieved with the resources available
- Whether it could have done more with those resources
- What an entity could do with more resources.

What are the benefits of broader performance reporting?

- Greater transparency and enables stakeholders to gain a deeper understanding of your business
- Encourages greater input from stakeholders, including volunteers and funding agencies
- Initiates a broader discussion about your entity and its core purpose and mission.

Don't know where to start? Don't worry, help is at hand. At Baker Tilly Staples Rodway we have a lot of experience in helping entities to communicate their service performance information. The XRB have also prepared a guidance document EG A10 explaining the requirements of the standard. This is available [here](#).



About Baker Tilly Staples Rodway

Baker Tilly Staples Rodway is a national association of independent practices, with eight locations throughout New Zealand.

We are proud to be a member of Baker Tilly International, a top ten global network of independent accounting and business advisory firms, whose member firms share our dedication to exceptional client service.



Contact us

Baker Tilly Staples Rodway
National Technical Team
technical@bakertillysr.nz

www.bakertillysr.nz