



**SPORT
NEW ZEALAND**
IHI AOTEAROA

Statement of Service Performance

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Summary for Sport New Zealand partner organisations
April 2023

About

The following is a high level summary for organisations captured by service performance reporting, how it links in with the XRB reporting, the Charities Act and the new Incorporated Societies Act 2022, and when an entity is required to start including the statement of service performance in their financial statements.

What is the Statement of Service Performance ("SOSP")

SOSP reporting is a requirement for those entities who report under the **Public Benefit Entity** ("PBE") reporting standards issued by External Reporting Board ("XRB").

PBEs broadly speaking are entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

Appendix A of the XRB A1 standard provides further details on what entities are PBEs, this can be found on the [XRB website](#).

Who is required to report under PBE standards

Charities have been required to report under the XRB PBE standards since 1 April 2015 when the Charities Act 2005 was amended. This included a SOSP for tier 3 and 4 entities. Commencing 1 January 2023 Tier 1 and 2 entities were included.

If an entity is both an Incorporated Society and Charity the Charities Act 2015 reporting requirements supersedes the Incorporated Societies Act requirements.

At present, an incorporated society may or may not deem itself to be a PBE for financial reporting purposes. If it does report as a PBE, and if it is Tier 3 or Tier 4, it will have already had the SSOP obligation; if it is Tier 1 or Tier 2 then this obligation commences from reporting periods after 1 January 2022

If an incorporated society hasn't deemed itself to be a PBE, it will become one on re-registration as an incorporated society - noting there may be a exceptions of some sort for "small" societies, something Sport NZ has supported in its submission to MBIE on the yet to be finalised regulations.

The relevant XRB standard is PBE FRS 48 (<https://www.xrb.govt.nz/dmsdocument/3815>)

Most accounting firms will have given PBE clients advance notification about this change in what is often referred to as the Audit Management Letter (sometimes called Audit Findings or Audit Clearance Letter) which is generally sent to the finance and audit committee chair.

Ongoing advice can also be sought / provided by your auditors.

The table on the following page outlines the level of SOSP reporting and from when the reporting per tier.

PBE tiers and SOSP requirements

PBE Tier	Criteria to report the tier	SOSP requirements	SOSP required from	PBE Standards
Four (Cash reporting)	For the 2 previous reporting periods, the entity has less than \$125k of total operating expenses in each of the previous reporting periods	<p>The SOSP requirements are detailed within the Tier 4 standard (PBE SFR-C (NFP)). Guidance and template examples have been provided by XRB</p> <p>The SOSP is based on two elements:</p> <ol style="list-style-type: none"> 1. Outcomes -what the entity is seeking to achieve in terms of its impact on society; and 2. Outputs - the goods or services that the entity delivered during the year <p>The Charities website also has useful resources for tier 3 and 4 entities for SOSP here.</p>	The SOSP has been required since the Financial Reporting standard came into effective on 1 April 2015	Tier 4 standards, guidance and reporting templates can be found on the XRB website
Three (Simple Format reporting – Accrual)	Has less than \$2million of total expenses in a reporting period and does not meet the tier four criteria. An entity which meets the tier 4 criteria can opt into tier 3	<p>The SOSP requirements are detailed within the Tier 4 standard (PBE SFR-A (NFP)). Guidance and template examples have been provided by XRB.</p> <p>Like tier 4 the SOSP is also based on outcomes and outputs.</p>	The SOSP has been required since the Financial Reporting standard came into effective on 1 April 2015	Tier 3 standards, guidance and reporting templates can be found on the XRB website
Two	Has greater than \$2million but less than \$30million in total operating expenses in a reporting period	Public Benefit Entity Financial Reporting Standard 48 Standard Performance Reporting (PBE FRS 48) sets out the requirements for the SOSP. This standard is less prescriptive and more flexible than the Tier 3 and Tier 4 standards.	Reporting periods starting on or after 1 January 2022. For example an entity with a balance date of 31 December 2022 will be required to include a SOSP in their financial statements for the year ended 31 December 2022 (including comparatives for the 2021 year). An entity with a balance date of 30 June 2022 will be required to include a SOSP in their	All PBE Tier 1 & 2 standards can be found on the XRB website
One	Has public accountability or has greater than \$30million in total expenses in a reporting period	The SOSP is reporting non-financial measures on why the organisation exists and how it has achieved its goals is a key component in telling		

		its story to stakeholders.	financial statements for the year ended 30 June 2023 (including comparatives for the 2022 year).	
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Additional resources and information

BDO as Sport NZ advisors in this matter have useful resources on their website including a planning checklist, what service performance information should be presented and how, and SOSF template and real example. These can be found on the Statement of Service Performance page [here](#).

For organisations needing further information we recommend contacting your financial services advisors / accountants.

Sport NZ may also be able to provide guidance by emailing governance@sportnz.org.nz.