

New Zealand Institute of Chartered Accountants
ETHICAL AND PROFESSIONAL STANDARDS

GLOSSARY OF TERMS

Acceptable level – A level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the member at that time, that compliance with the fundamental principles is not compromised.

Accounting services – Accounting services offered to the public as defined in the Institute’s Rules including financial and investment advisory services provided in conjunction with the provision of accounting services as defined in the Institute’s Rules by:

- (a) the member or firm, or
- (b) an entity or entities controlled by the member or firm, or
- (c) an entity or entities under the common control of the person(s) or entity that controls the member’s firm.

Act – The New Zealand Institute of Chartered Accountants Act 1996, as well as any amendments or any replacement legislation.

Advertising – The communication to the public of information as to the services or skills provided by members in public practice with a view to procuring professional business.

Advising member (in the context of AES-1¹) – A member providing an opinion on the application of generally accepted accounting practice or applicable financial reporting standards.

Agreed upon procedures engagement – A professional engagement in which a member agrees with the client to perform specific procedures with respect to financial information. In such an engagement, the member performs procedures of an audit nature to which the member and the client have agreed in order to meet the client’s need for particular information.

Applicable financial reporting framework – The financial reporting framework adopted by those charged with governance in the preparation of the financial information that is acceptable in view of the nature of the entity and the objective of the financial information, or that is required by law or regulation. The financial reporting framework may be a general purpose framework or a special purpose framework.

Applicable financial reporting standard – A financial reporting standard that applies to the entity and to the accounting period.

Assessment (in the context of TG-1²) – An assessment of tax made under a tax law by either a taxpayer or the Commissioner of Inland Revenue or an amendment made by the Commissioner or taxpayer to an assessment and includes, in the case of income tax, a net loss and any terminal tax or refund due, and in the case of goods and services tax, an assessment of any refund due.

Associated finance entity (in the context of PS-2³) – An entity of whatever form, and whether or not separately incorporated, that engages in the business of deposit taking, investing or financing in which a member or interested person has, directly or indirectly, a material financial interest.

Assurance client – An entity in respect of which a firm conducts an assurance engagement.

Assurance engagement – An engagement in which a member expresses a conclusion in the form of an opinion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.

¹ AES-1: *Opinions on Accounting and Reporting Matters*

² TG-1: *Tax Compliance*

³ PS-2: *Client Monies*

Assurance practitioner – A person or an organisation, whether in public practice, industry, commerce or the public sector, appointed or engaged to undertake assurance engagements.

Assurance services – Comprise of any assurance engagements performed by an assurance practitioner.

Assurance team –

- (a) all members of the engagement team for the assurance engagement;
- (b) all others within a firm who can directly influence the outcome of the assurance engagement, including:
 - (i) those who recommend the compensation of, or who provide direct supervisory, management or other oversight of the assurance engagement partner, in connection with the performance of the assurance engagement ~~including those at all successively senior levels above the engagement partner through to the individual who is the firm's Senior or Managing Partner (Chief Executive or equivalent);~~
 - (ii) those who provide consultation regarding technical or industry specific issues, transactions or events for the assurance engagement; and
 - (iii) those who provide quality control for the assurance engagement, including those who perform the engagement quality control review for the assurance engagement.

Audit client – An entity in respect of which a firm conducts an audit engagement. When the client is an issuer [FMC reporting entity considered to have a higher level of accountability], audit client will always include its related entities. When the audit client is not an issuer [FMC reporting entity considered to have a higher level of accountability], audit client includes those related entities over which the client has direct or indirect control.

Audit engagement – A reasonable assurance engagement in which a member expresses an opinion whether financial statements are prepared, in all material respects (or give a true and fair view, or are presented fairly, in all material respects), in accordance with an applicable financial reporting framework, such as an engagement conducted in accordance with International Standards on Auditing (New Zealand). This includes a Statutory Audit, which is an audit required by legislation or other regulation.

Audit team –

- (a) all members of the engagement team for the audit engagement;
- (b) all others within a firm who can directly influence the outcome of the audit engagement, including:
 - (i) those who recommend the compensation of, or who provide direct supervisory, management or other oversight of the engagement partner in connection with the performance of the audit engagement including those at all successively senior levels above the engagement partner through to the individual who is the firm's Senior or Managing Partner (Chief Executive or equivalent);
 - (ii) those who provide consultation regarding technical or industry-specific issues, transactions or events for the engagement; and
 - (iii) those who provide quality control for the engagement, including those who perform the engagement quality control review for the engagement; and
- (c) all those within a network firm who can directly influence the outcome of the audit engagement.

Business interest (in the context of AES-2⁴) – Shares, business assets, financial instruments or any other interest in a business.

Close family – A parent, non-dependent child or sibling.

Client (in the context of FAES⁵) – An individual, firm, entity or organisation to which financial advice is provided.

⁴ AES-2: *Independent Business Valuations*

Client (in the context of PS-2) – In relation to a member or firm, includes any person or entity:

- (a) for whom the member or firm provides accounting services and on whose behalf the member or firm holds, receives or otherwise deals with money or securities from time to time; and/or
- (b) who gives money to the member or firm for investment in an associated finance entity of the member or firm.

Client bank account (in the context of PS-2) – A client's bank account held with a financial institution on which a member, acting either solely or in conjunction with any one or more persons who are personnel of or in the employ of the member or firm, holds a signing authority.

Client monies (in the context of PS-2) – Any money (in whatever form) coming into a member or firm's control which is the property of a client. "Control" means a situation where a member, acting either solely or in conjunction with any one or more persons who are partners of or in the employ of the member or firm, can authorise the transacting of client monies. The definition of client monies does not include:

- (a) a cheque made payable to another person or entity, other than an associated finance entity of the member or firm, received by a member or firm for the sole purpose of forwarding to the payee if it is so forwarded promptly; or
- (b) monies administered under any insolvency legislation for which a separate bank account is established by the receiver or liquidator; or
- (c) fees paid in advance for professional work agreed to be performed and clearly identified as such.

Code of Ethics – The Code of Ethics of the Institute delivered to the Registrar under Section 7 of the New Zealand Institute of Chartered Accountants Act 1996.

Commission (in the context of FAES) – All monetary amounts received from a third party in respect of placement or retention of client funds or business, and/or purchases or sales of financial and/or risk products, and also any 'soft-dollar' benefits.

Compilation of financial information (in the context of SES-2⁶) – A presentation of financial information in a specified form in accordance with a specified basis of accounting, without undertaking to express any assurance on the information.

Compliance framework – A term used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements required in a fair presentation framework.

Conflict of interest (in the context of IES⁷) – Any circumstance, relationship or other fact relevant to the member, firm or any partner, director or managerial employee of the firm's own financial, business, property or personal interests which will, or reasonably may, impair the rendering of objective insolvency services, in either reality or perception.

Conflict of interest (in the context of FAES) – Any circumstance, relationship or other facts relevant to the member or firm's own financial, business, property and or personal interests which will or reasonably may impair the member's rendering of objective advice, recommendations or services, in either reality or perception.

Contingent fee – A fee calculated on a predetermined basis relating to the outcome of a transaction or the result of the services performed by the firm. A fee that is established by a court or other public authority is not a contingent fee.

Continuing professional relationship (in the context of IES) – Arises where, in the past two years, any member or anyone in the member's firm has provided professional services to the entity. This does not

⁵ FAES: *Financial Advisory Engagements*

⁶ SES-2: *Compilation of Financial Information*

⁷ IES: *Insolvency Engagements*

arise where the relationship is one which springs from the appointment of the member or the firm by, or at the instigation of, a creditor, or other party having an actual or potential financial interest in the entity, to investigate, monitor or advise on the affairs of the entity.

Date of report (in the context of PS-1⁸) – The date selected by the member to date the report.

Deficiency (in the context of PS-2) – A deficit or shortfall of client monies in a trust account either as disclosed in the records maintained by the member or firm for the trust account or in the records of the registered bank at which the trust account is held, but does not include any deficiency which the member is satisfied on reasonable grounds was caused solely by an error of the bank.

Direct financial interest – A financial interest:

- (a) owned directly by and under the control of an individual or entity (including those managed on a discretionary basis by others); or
- (b) beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual or entity has control, or the ability to influence investment decisions.

Director or officer – Those charged with the governance of an entity, or acting in an equivalent capacity, regardless of their title.

Engagement – Occurs when there is an agreement, whether written or otherwise, between a member and the engaging party relating to the provision of professional services.

Engagement documentation – The record of work performed, results obtained, and conclusions the member reached (terms such as “working papers” or “work papers” are sometimes used).

Engagement standards – Standards issued by the Council⁹ or Board of the New Zealand Institute of Chartered Accountants which expand upon the application of the fundamental principles to particular types of engagements.

Engagement partner¹⁰ – The partner or other person in the firm who is responsible for the engagement and its performance, and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.

Engagement quality control review – A process designed to provide an objective evaluation, on or before the date the report is issued, of the significant judgements the engagement team made and the conclusions it reached in formulating the report.

Engagement quality control reviewer – In respect of an engagement for which a report is required, a person in the firm, a suitably qualified external person, or a team made up of such individuals, none of whom is part of the engagement team, with sufficient and appropriate experience and authority to objectively evaluate the significant judgements the engagement team made and the conclusions it reached in formulating the report.

Engagement team – All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes external experts engaged by the firm or a network firm.

Entity (in the context of AES-1) – An organisation, including its subsidiaries and associates, or an intermediary acting on the organisation’s behalf, for which the advising member does not have an on-going professional relationship to provide reporting engagement services.

Existing accountant – An accountant currently holding an audit appointment or carrying out accounting, taxation, consulting or similar non-assurance services for a client.

⁸ PS-1: *Quality Control*

⁹ Note that prior to June 2009, the Council of the Institute was responsible for the approval of Engagement Standards.

¹⁰ “Engagement partner” should be read as referring to its public sector equivalent where relevant.

External expert – An individual (who is not a partner or a member of the professional staff, including temporary staff, of the firm or a network firm) or organisation possessing skills, knowledge and experience in a field other than accounting or auditing, whose work in that field is used to assist the member in obtaining sufficient appropriate evidence.

Fair presentation framework – A term used to refer to a financial reporting framework that requires compliance with the requirements of the framework and:

- (a) acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements, it may be necessary for those charged with governance to provide disclosures beyond those specifically required by the framework; or
- (b) acknowledges explicitly that it may be necessary for those charged with governance to depart from a requirement of the framework to achieve fair presentation of the financial statements. Such departures are expected to be necessary only in extremely rare circumstances.

Fees-for-service (in the context of FAES) – Remuneration paid by the client in the form of fixed, hourly, percentage or performance-based fees (also termed ‘fee-only’ advice).

Fiduciary (in the context of FAES) – The member or firm’s role when providing financial advice to clients, which includes acting in utmost good faith, in a manner that the member or firm reasonably believes to be in the client’s best interest.

Fiduciary relationship (in the context of FAES) – The relationship of trust and confidence created by the existence of fiduciary duties which may be imposed on the member or firm as part of their professional obligations to act on behalf of the client and to always put their client’s best interests first.

Filing (in the context of TG-1) – Lodging notices of election and returns and related payments with Inland Revenue for or on behalf of a taxpayer.

Financial advice (in the context of FAES) – Advice provided to clients to manage their financial affairs specifically related to wealth management and planning, investment and personal risk management. Financial advice includes allied services related to the advice provided to a client. Advice on taxation matters¹¹ provided along with any financial advice is an allied service.

Financial adviser/adviser (in the context of FAES) – A member or firm who provides financial advice to clients.

Financial advisory engagement (in the context of FAES) – Any agreement between a member or firm and a client relating to provision of financial advice to the client by the member or firm. Consultations with a prospective client prior to such agreement are not part of an engagement.

Financial Institution (in the context of PS-2) – A financial institution as defined in the Reserve Bank of New Zealand Act 1989 or in the Financial Transactions Reporting Act 1996 {Anti-Money Laundering and Countering Financing of Terrorism Act 2009}.

Financial interest – An interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest.

Financial statements – A structured representation of historical financial information, including related notes, intended to communicate an entity’s economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The term can relate to a complete set of financial statements, but can also refer to a single financial statement, for example, a balance sheet, or a statement of revenues and expenses, and related explanatory notes.

¹¹ When a member merely provides tax advice to the client and is not providing any other financial advice, the member is not providing financial advice.

Financial statements on which the firm will express an opinion – In the case of a single entity, the financial statements of that entity. In the case of consolidated financial statements, also referred to as group financial statements, the consolidated financial statements.

*Firm*¹² –

- (a) A sole practitioner, partnership, or corporation undertaking professional services;
- (b) an entity that controls such parties, through ownership, management or other means; and
- (c) an entity controlled by such parties, through ownership, management or other means.

[*FMC reporting entity considered to have a higher level of public accountability* - A FMC reporting entity, or class of FMC reporting entity that is considered to have a higher level of public accountability than other FMC reporting entities:

- under section 461K of the Financial Markets Conduct Act 2013; or
- by notice issued by the Financial Markets Authority (FMA) under section 461L(1)(1) of the Financial Markets Conduct Act 2013.]

Formal insolvency engagement (in the context of IES) – An insolvency engagement where the member is appointed under the Companies Act 1993, the Insolvency Act 2006, the Insolvency (Cross-border) Act 2006, the Corporations (Investigations and Management) Act 1989, the Receiverships Act 1993, or other relevant statute or by a Court order.

Generally accepted accounting practice (GAAP) – Financial statements, group financial statements, a report, or other information complies with GAAP only if the report, statements, or other information complies with applicable financial reporting standards.

General purpose financial statements – Financial statements prepared in accordance with a general purpose framework.

General purpose framework – A financial reporting framework designed to meet the common financial information needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework.

Generic opinion (in the context of AES-1) – An opinion on the application of generally accepted accounting practice or reporting engagement standards not involving the specific facts or circumstances of a particular entity.

Historical financial information – Information expressed in financial terms in relation to a particular entity, derived primarily from that entity's accounting system, about economic events occurring in past time periods or about economic conditions or circumstances at points in time in the past.

Immediate family – A spouse (or equivalent) or dependent.

Incumbent member (in the context of AES-1) – A member with an on-going professional relationship to provide reporting engagement services for an entity.

Independence – Independence is:

- (a) independence of mind – the state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgement, thereby allowing an individual to act with integrity, and exercise objectivity and professional scepticism; and
- (b) independence in appearance – the avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances, that a firm's, or a member of the engagement team's, integrity, objectivity or professional scepticism has been compromised.

Independent business valuation engagement (in the context of AES-2) – A professional engagement in which a member, acting as an independent expert, forms a conclusion on the valuation of a business interest and which leads to the issue of an independent business valuation report.

¹²“Firm” should be read as referring to its public sector equivalent where relevant.

Independent business valuation report (in the context of AES-2) – Any written communication containing a valuation conclusion on a business interest, that is issued as a result of an independent business valuation engagement.

Indirect financial interest – A financial interest beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual or entity has no control or ability to influence investment decisions.

Informal insolvency engagement – An insolvency engagement which is not a formal insolvency engagement.

Inland Revenue – The government department responsible for administering New Zealand’s tax system.

Insolvency engagement – An engagement in which a member or firm provides professional services in relation to an individual or entity that may in the future become insolvent or is currently insolvent, and services in relation to the liquidation of solvent entities. An insolvency engagement may be of either a formal or informal nature.

Inspection (in relation to PS-1) – In relation to completed engagements, procedures designed to provide evidence of compliance by engagement teams with the firm’s quality control policies and procedures.

Institute – The New Zealand Institute of Chartered Accountants (NZICA).

Interested person – Includes:

- (a) any near relative of the member;
- (b) any partner or personnel of the member or firm; and
- (c) any near relative of the partner or personnel of the member or firm.

~~*Issuer* – All issuers, as defined by the Securities Act 1978 or any other Act, irrespective of size.~~

Key audit partner - The engagement partner, the individual responsible for the engagement quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgements on significant matters with respect to the audit of the financial statements on which the firm will express an opinion. Depending upon the circumstances and the role of the individuals on the audit, “other audit partners” may include, for example, audit partners responsible for significant subsidiaries or divisions.

Key assurance partner – The engagement partner, the individual responsible for the engagement quality control review, and other assurance partners, if any, on the engagement team who make key decisions or judgements on significant matters with respect to the engagement.

Management – The person(s) with executive responsibility for the conduct of the entity’s operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.

Material financial interest (in the context of PS-2) – In relation to establishing whether a member or firm has a material financial interest in an entity for purposes of identifying an associated finance entity, an interest that is material or can reasonably be considered as being material in the context of the financial interests of either the member, the firm or the other person(s) and/or entities concerned.

For the purposes of this definition a member or firm is, or interested persons are, presumed, in the absence of evidence to the contrary, to have a material financial interest when that member or firm or those interested persons together, whether directly or by nominee or as a beneficiary under a trust:

- (a) hold 20% or more of the shares, the nominal capital, the paid up capital, or the voting power of that entity;
- (b) have sole authority to operate any bank account relating to that entity;
- (c) have by any other means whatsoever effective control over the funds of that entity; or
- (d) by reason of the extent of control over the funds of that entity, at the end of any income year would be entitled to 20% or more of the profits for that year if those profits were distributed by way of dividend or otherwise at the end of that year.

The presumption concerning the existence of a material financial interest should always be evaluated in light of the prevailing circumstances and applying the principle of economic substance over legal form. In some circumstances a member may be considered to have a material financial interest in an entity even if the member's interest is less than 20% of the entity's shares, nominal capital, paid up capital or voting power, and the converse also applies.

Member – An individual who is a member of the Institute, ~~within one of the following five classes of membership of the Institute:~~

- ~~(a) Full member;~~
- ~~(b) Provisional member;~~
- ~~(c) Life member;~~
- ~~(d) Fellowship; or~~
- ~~(e) Retired member.~~

Member in business – ~~A member employed or engaged in an executive or non-executive capacity in such areas as commerce, industry, service, the public sector, education, the not-for-profit sector, regulatory bodies or professional bodies, or a member contracted by such entities.~~ [A member working in areas such as commerce, industry, service, the public sector, education, the not-for-profit sector, or in regulatory or professional bodies, who might be an employee, contractor, partner, director (executive or non-executive), owner-manager or volunteer]

Member in public practice – ~~A member, irrespective of functional classification (for example, audit, tax or consulting) employed in a firm that provides professional services.~~ [A member, irrespective of membership designation or functional classification (for example, audit, tax or consulting) in a firm that provides professional services or otherwise provides professional services to the public.]

Money (in the context of PS-2) – Includes cash, foreign currency and any instrument for the payment of monies in any case where the instrument may be paid into a financial institution and any security for which title is transferable by delivery (for example, bills of exchange and promissory notes), including by electronic funds transfer.

Monitoring (in relation to PS-1) – A process comprising an ongoing consideration and evaluation of the firm's system of quality control, including a periodic inspection of a selection of completed engagements, designed to provide the firm with reasonable assurance that its system of quality control is operating effectively.

Near relative – Includes:

- (a) spouse (whether legal or de facto), child (including by adoption), parent, sibling; and
- (b) the spouse (whether legal or de facto), child (including by adoption), parent or sibling of any person in (a).

Network – A larger structure:

- (a) that is aimed at cooperation; and
- (b) that is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.

Network firm – A firm or entity that belongs to a network.

Offer document – ~~A document, such as a prospectus, required by legislation to be prepared by an issuer when securities are offered to the public.~~ [A document, such as a product disclosure statement or a disclosure document, required by legislation to be prepared by an entity when financial products are offered to the public.]

Office – A distinct sub-group of a firm, whether organised on geographical or practice lines.

*Partner*¹³ – Any individual with authority to bind the firm with respect to the performance of a professional services engagement.

Personnel – Partners and staff.

Personnel (in the context of PS-2) – Partners, principals, employees, officers, contractors or agents or similar of the member or firm.

Practice entity – As defined in the Institute’s Rules, a practice structure through which one or more principals offer accounting services to the public, including sole practices, partnerships, companies, trusts, and other entities, and including combinations of entities.

Professional standards – The Professional Standards and Engagement Standards issued by the Council¹⁴ or Board of the Institute, and relevant ethical requirements contained in the Institute’s Code of Ethics.

Professional activity – An activity requiring accountancy or related skills undertaken by a member, including accounting, auditing, taxation, management consulting, and financial management.

Professional services – Professional activities performed for clients.

Public benefit entity – A reporting entity 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.

Public entity – Has the meaning as defined in section 5(1) of the Public Audit Act 2001.

Public interest – The collective well-being of the community and institutions the profession serves.

Public interest entity –

~~(a) any for profit entity that is required or chooses to report in accordance with Tier 1 under XRB A1¹⁵; and~~

~~(b) any other public benefit entity¹⁶ that applies the full financial reporting standards.~~

[Any entity that meets the Tier 1 criteria in accordance with XRB A1 and is not eligible to report in accordance with the accounting requirements of another tier.]

Public sector auditor – The Auditor-General or an auditor appointed by the Auditor-General to perform audits or other assurance services for public entities.

Reasonable assurance – (in the context of assurance engagements, including audit engagements, and PS-1) – A high, but not absolute, level of assurance.

Registered Bank – A registered bank as defined in the Reserve Bank of New Zealand Act 1989.

Related entity – An entity that has any of the following relationships with the client:

- (a) an entity that has direct or indirect control over the client if the client is material to such entity;
- (b) an entity with a direct financial interest in the client if that entity has significant influence over the client and the interest in the client is material to such entity;
- (c) an entity over which the client has direct or indirect control;
- (d) an entity in which the client, or an entity related to the client under (c) above, has a direct financial interest that gives it significant influence over such entity and the interest is material to the client and its related entity in (c); and
- (e) an entity which is under common control with the client (a “sister entity”) if the sister entity and the client are both material to the entity that controls both the client and sister entity.

¹³ “Partner” should be read as referring to its public sector equivalent where relevant.

¹⁴ Note that prior to June 2009, the Council of the Institute was responsible for the approval of Engagement Standards.

¹⁵ XRB A1, *Application of Accounting Standards*.

¹⁶ XRB A1 for Tier 1 public benefit entities will only be finalised in 2014/2015. It is the intention of the NZAuASB that all Tier 1 entities will meet the definition of a public interest entity, or the purposes of this standard.

Related party (in the context of FAES) – An individual or entity from whom any direct or indirect economic benefit is received, or may be received, by the financial adviser as a result of providing or implementing financial advice to a client, or as a result of a recommendation made by the adviser when providing financial advice.

Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which is the Code of Ethics.

Return (in the context of TG-1) – A complete statement of required tax information set out in a prescribed form. Examples include annual income tax returns, fringe benefit tax returns, goods and services tax returns, employer monthly schedules and any ad hoc returns required by the Commissioner of Inland Revenue.

Review client – An entity in respect of which a firm conducts a review engagement.

Review engagement – An assurance engagement¹⁷ in which an assurance practitioner expresses a conclusion on whether, on the basis of the procedures which do not provide all the evidence that would be required in an audit, anything has come to the assurance practitioner's attention that causes the assurance practitioner to believe that the financial statements are not prepared, in all material respects, in accordance with an applicable financial reporting framework.

Review team –

- (a) all members of the engagement team for the review engagement; and
- (b) all others within a firm who can directly influence the outcome of the review engagement, including:
 - (i) those who recommend the compensation of, or who provide direct supervisory, management or other oversight of the engagement partner in connection with the performance of the review engagement including those at all successively senior levels above the engagement partner through to the individual who is the firm's Senior or Managing Partner (Chief Executive or equivalent);
 - (ii) those who provide consultation regarding technical or industry specific issues, transactions or events for the engagement; and
 - (iii) those who provide quality control for the engagement, including those who perform the engagement quality control review for the engagement; and
- (c) all those within a network firm who can directly influence the outcome of the review engagement.

Rules – The Rules of the Institute delivered to the Registrar under Section 6 of the New Zealand Institute of Chartered Accountants Act 1996.

'Soft-dollar' benefits (in the context of FAES) – All monetary and, other than insignificant, non-monetary benefits received by a financial adviser from parties other than the client pursuant to performance of financial advisory engagements. They do not include:

- (a) fees derived directly from their client in respect of such engagements; and
- (b) referral fees received in the course of referring clients to other service/product providers;

disclosed to the client by the adviser at the time of provision of advice.

Special purpose financial statements – Financial statements prepared in accordance with a financial reporting framework designed to meet the financial information needs of specified users.

Special purpose framework – A financial reporting framework designed to meet the financial information needs of specific users. The financial reporting framework may be a fair presentation framework or a compliance framework.

¹⁷ Conducted in accordance with NZ SRE 2410: *Review of Financial Statements Performed by the Independent Auditor of the Entity*; or ISRE (NZ) 2400: *Review of Historical Financial Statements Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*.

Staff – Professionals, other than partners, including any experts the firm employs.

Suitably qualified external person – An individual outside the firm with the competence and capabilities to act as an engagement partner, for example a partner of another firm, or an employee (with appropriate experience) of either a professional accountancy body whose members may perform engagements or of an organisation that provides relevant quality control services.

Tax – Includes all taxes and duties covered by the Inland Revenue Acts and Regulations. Examples include income tax, fringe benefit tax, goods and services tax, payroll taxes, withholding taxes and gift duty.

Tax compliance services (in the context of TG-1) – The preparation and filing of notices of election, returns, assessments, amended assessments and related payments with Inland Revenue for and on behalf of a taxpayer, and the review of any resulting assessments if the member is the agreed recipient of such assessments.

Taxpayer (in the context of TG-1) – A member’s client, any third-party recipient of a member’s tax compliance services, or a member’s employer.

Third party (in the context of AES-1) – A party other than the entity, advising member or incumbent member.

Those charged with governance – The persons with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process.

Trust account (in the context of PS-2) – An account or accounts established by a member or firm with a registered bank in New Zealand which are kept for the sole purpose of receiving and holding deposits of client monies and the withdrawal of client monies from the account.

IMPORTANT NOTE:

The NZICA Code of Ethics (effective from 15 June 2019) (“revised Code of Ethics”) replaces the NZICA Code of Ethics (application 07/2017) (“extant Code of Ethics”). Consequently, any references to provisions of the extant Code of Ethics in this Glossary should be read as references to the equivalent provisions in the revised Code of Ethics. Where the definitions of this Glossary are not consistent with the revised Code of Ethics, the definitions in the revised Code of Ethics shall override the definitions of this Glossary [*Substantive amendments are noted in square brackets – for ease of reference*].