



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Need to Know series

Accounting Update
For-profit entities

Tuesday 8 April 2025

12:30pm – 1:30pm



Accounting Standards Team



Working with the New Zealand Accounting Standards Board, we develop and issue accounting standards for Aotearoa New Zealand.

Presenters

Michelle Lombaard

Director, Accounting Standards

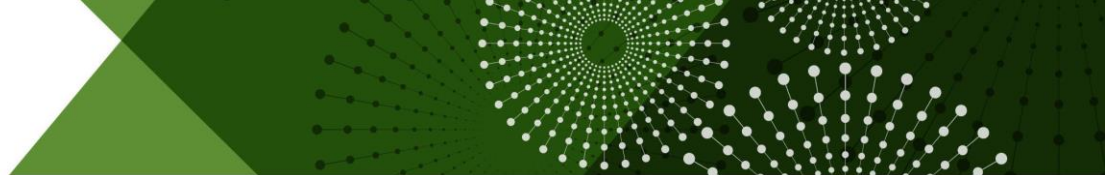
(michelle.lombaard@xrb.govt.nz)

Carly Berry

Senior Project Manager, Accounting Standards

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Presentation overview



- Latest developments in key areas of reporting
- Recently issued and upcoming accounting standards and amendments
- Spotlight on NZ IFRS 18 *Presentation and Disclosure in Financial Statements*
- Questions



Webinar slides and recording will be available on our website

Latest international developments in key areas of reporting – for-profit entities



Latest developments



Project

[Post-Implementation Review of IFRS 16 Leases](#)

- Assess whether requirements are working as intended
- Assess balance of costs and benefits

To date

- IASB completed initial information gathering to understand scope of the review.

Next steps

Request for information
(Q2 2025)



Latest developments



Project

Intangible Assets

- Initiating a comprehensive review
- Aiming to define the scope

To date

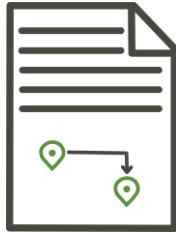
- IASB have sought feedback via survey and other information gathering exercises

Next steps

Decide project direction
(Q2 2025)



Recently issued standards and amendments – for-profit entities



Recently issued by the IASB

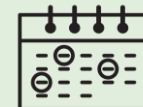
Contracts Referencing Nature-Dependent Electricity – *Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures*

Amendments include:

- Defines ‘contracts referencing nature-dependent electricity’
- Application of own-use exception to contracts for nature-dependent electricity
- Designate forecast electricity as a hedged item using these contracts
- Specific disclosures to help users understand the risks and financial impacts of these contracts



- NZASB expected to approve amendments in April 2025
- Expected mandatory date: **periods beginning on / after 1 January 2026**



New standards and amendments for for-profit entities

Mandatory for next reporting period (March 2025 / June 2025 year-ends)

Amendment	Impact	Mandatory Date*
<u>Lease Liability in a Sale and Leaseback</u>	Amendments to NZ IFRS 16	1 Jan 2024
<u>Supplier Finance Arrangements</u>	Amendments to NZ IAS 7 and NZ IFRS 7 <i>Tier 2 entities are exempt from these disclosures</i>	1 Jan 2024
<u>Disclosure of Fees for Audit Firms' Services</u>	Amendments to FRS-44	1 Jan 2024

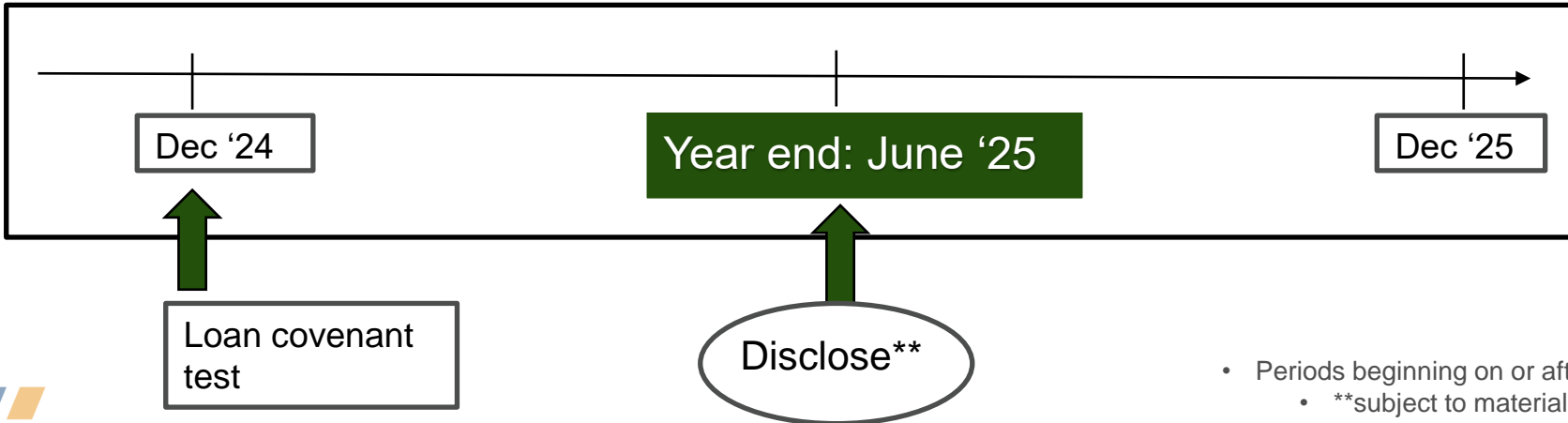
* Periods beginning on or after



New standards and amendments for for-profit entities

Mandatory for next reporting period (March 2025 / June 2025 year-ends)

Amendment	Impact	Mandatory Date*
<i>Non-current Liabilities with Covenants</i>	Amendments to NZ IAS 1	1 Jan 2024



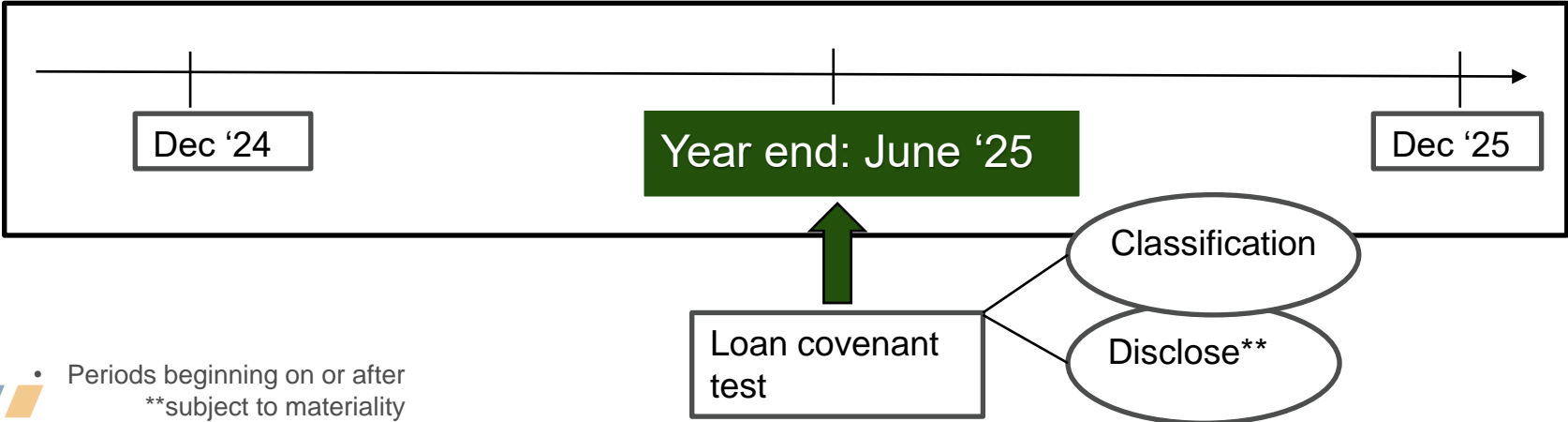
- Periods beginning on or after
- **subject to materiality


New standards and amendments for for-profit entities



Mandatory for next reporting period (March 2025 / June 2025 year-ends)

Amendment	Impact	Mandatory Date*
<u>Non-current Liabilities with Covenants</u>	Amendments to NZ IAS 1	1 Jan 2024



 • Periods beginning on or after
**subject to materiality

New standards and amendments for for-profit entities

Mandatory for future reporting periods (December 2025 year-ends onwards)

Amendment	Impact	Mandatory Date*
<u>Lack of Exchangeability</u>	Amendments to NZ IAS 21 <i>Some disclosure concessions for Tier 2 entities</i>	1 Jan 2025
<u>Amendments to the Classification and Measurement of Financial Instruments</u>	Amendments to NZ IFRS 7 and NZ IFRS 9 <i>Some disclosure concessions for Tier 2 entities</i>	1 Jan 2026
<u>Annual Improvements to NZ IFRS</u>	<i>Annual Improvements to NZ IFRS 2024 is an amending Standard that updates NZ IFRS 1, NZ IFRS 7, NZ IFRS 9, NZ IFRS 10 and NZ IAS 7</i>	1 Jan 2026
<u>NZ IFRS 18 Presentation and Disclosure in Financial Statements</u>	New standard replacing NZ IAS 1	1 Jan 2027

* Periods beginning on or after

Incorporated Societies



Changes for incorporated societies

New Incorporated Societies 2022 Act

- Modernised
- New financial reporting requirements – If not a 'small society', then will have to apply standards issued by the XRB.



Transition period for replacing 1908 Act

- 5 October 2023 – 5 April 2026
- Societies need to reregister



For more information:

- Visit the XRB website [Incorporated Societies » XRB](#)
- Visit the Companies Office website [Law changes for incorporated societies | Incorporated Societies \(companiesoffice.govt.nz\)](#)

Spotlight on NZ IFRS 18 *Presentation and Disclosure in Financial Statements*

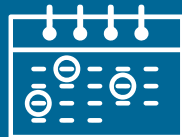


NZ IFRS 18 overview



Summary of changes

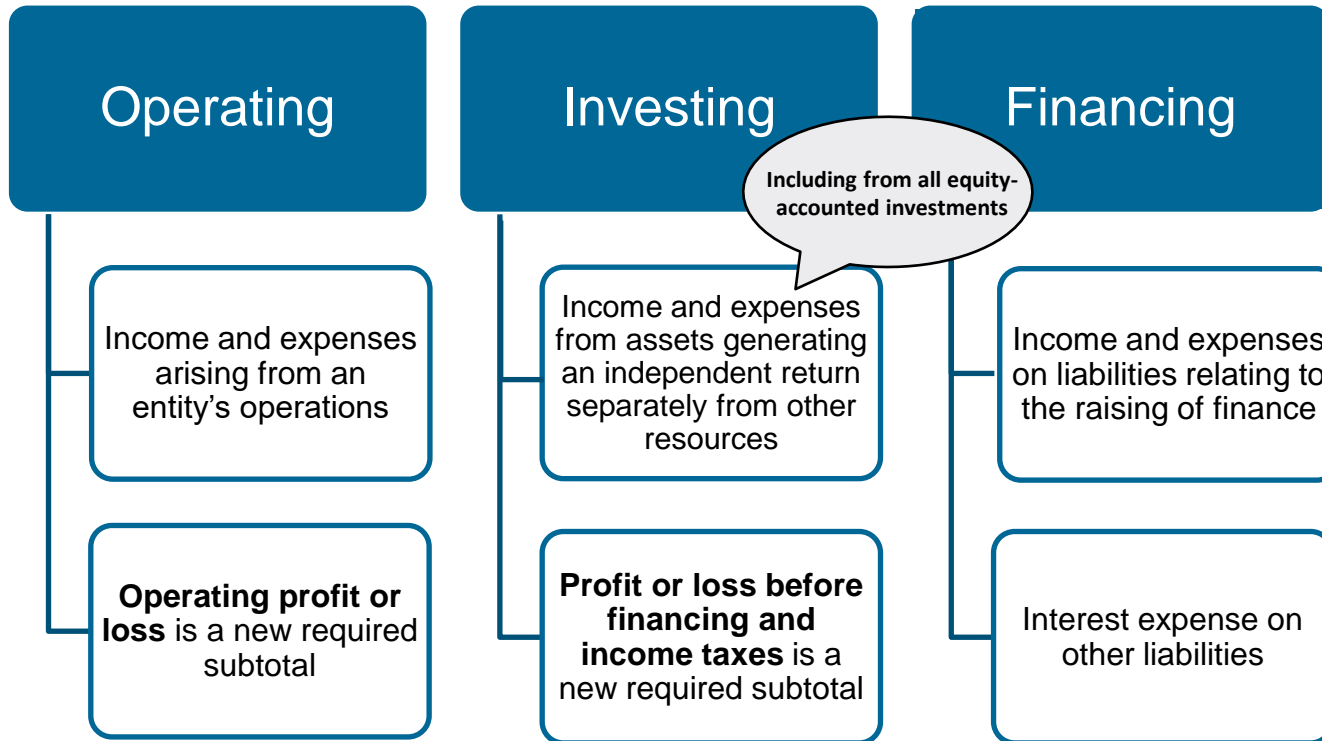
- **Replaces** NZ IAS 1 *Presentation of Financial Statements* when applied
- **Impacts all for-profit reporting entities** in New Zealand
- **Introduces new requirements** relating to the following:
 - Categories and new defined subtotals
 - Management-defined performance measures (MPMs)
 - Enhanced guidance on the grouping of information (aggregation and disaggregation)



Mandatory date: 1 January 2027



Categories and new defined subtotals



If the entity **invests in assets** or **provides financing to customers**, as a main business activity, then the classifications will be different.



What is a management-defined performance measure (MPM)?

Subtotal of income and expense

- ✓ Adjusted operating profit or normalised EBITDA
- ✗ Non-financial performance measures
- ✗ Measures such as free cash flow and adjusted revenue (not a subtotal of income and expense)
- ✗ NZ IFRS-specified subtotals of income and expense (e.g. operating profit)

In public communications outside financial statements

- Includes management commentary, investor presentations and press releases
- Does not include oral communications and social media posts

Communicates management's view of an aspect of financial performance as a whole

- Rebuttable presumption that if the other two criteria are met, then the measure communicates management's view

MPM disclosures

A reconciliation between the MPM and the most directly comparable subtotal in NZ IFRS

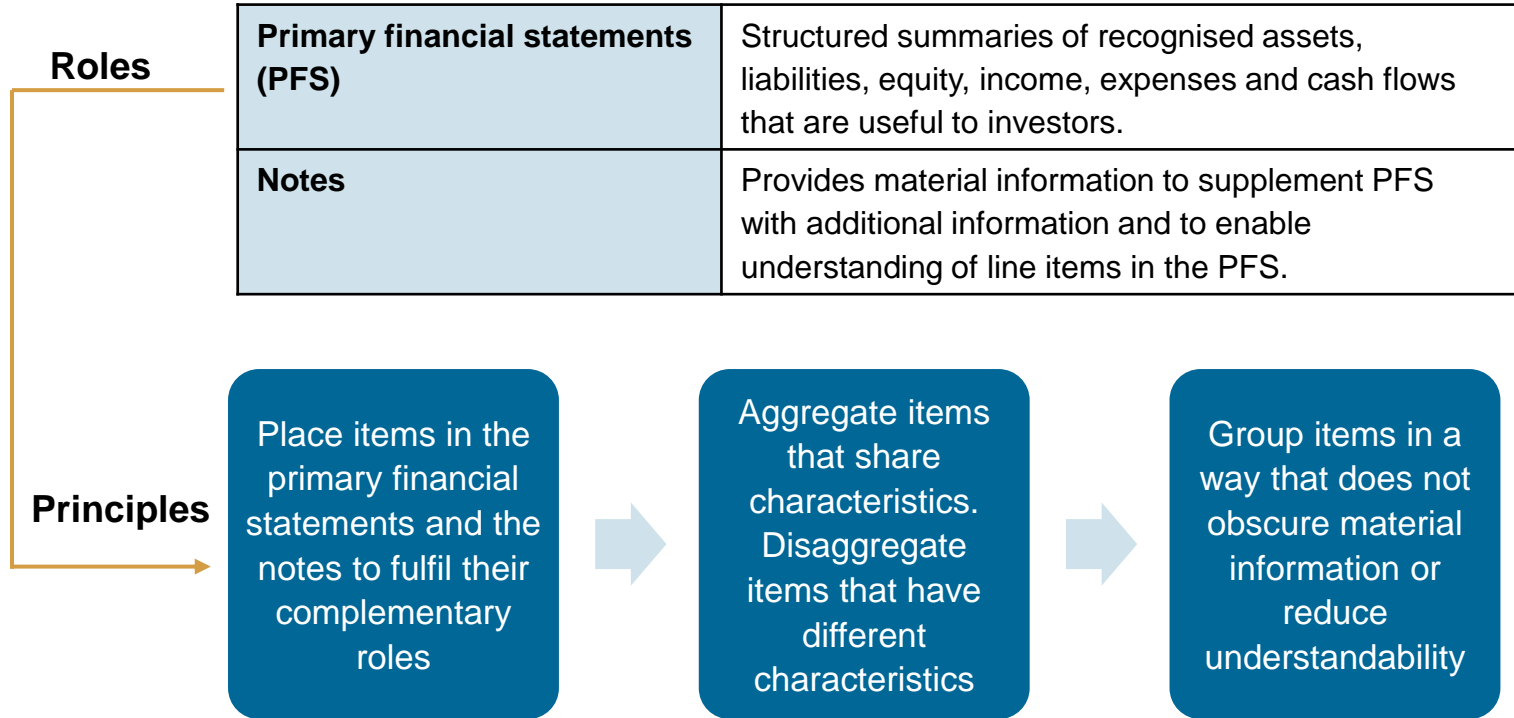
A description of how the MPM communicates management's view and how each MPM is calculated.

An explanation of any changes in the company's MPMs or in how it calculates its MPMs.

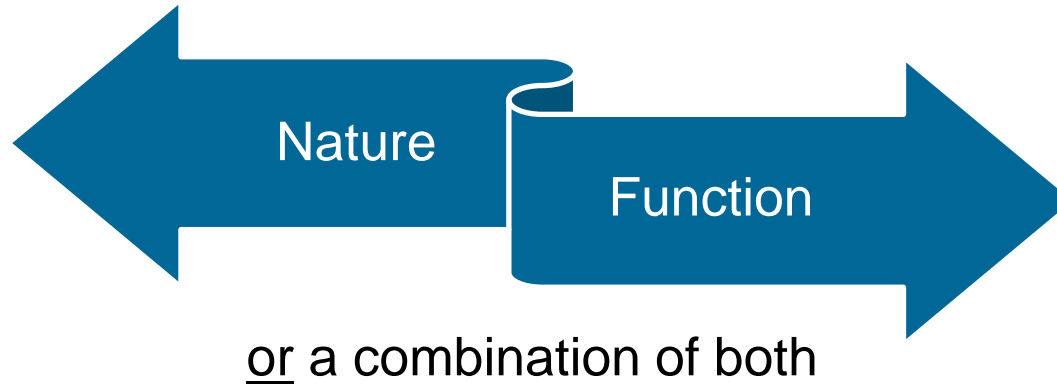
A statement that the MPM reflects management's view and is not necessarily comparable to measures sharing similar labels or descriptions provided by other companies.

Will be subject to audit

Grouping of information



Presentation of operating expenses



If the function method is used

Disclose in a **single note**, the amount of depreciation, amortisation, employee benefits, impairment losses (and reversals) and write-downs of inventories (and reversals) included in **each line item** in the operating category.

Changes to other NZ IFRSs

NZ IAS 7 Statement of Cash Flows

- Use **operating profit** as the starting point for reporting cash flows from operating activities using the indirect method.
- Presentation alternatives for interest and dividend cash flows have been removed for most entities.

NZ IAS 33 Earnings per Share

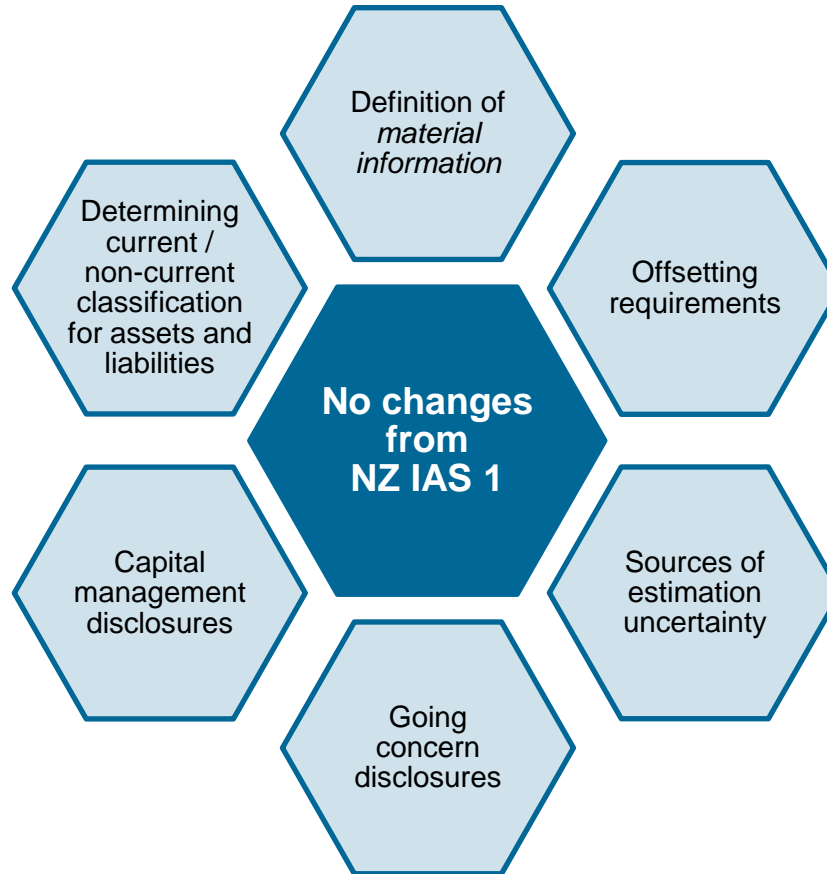
- Amendments to NZ IAS 33 require the numerator in additional per share measures to be either a total or subtotal identified in NZ IFRS 18 or an MPM.

NZ IAS 34 Interim Financial Reporting

- Disclosure of MPMs in interim financial statements is required.
- Some of the other changes in full financial statements also apply to condensed financial statements (e.g. subtotals)

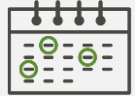
No changes to other requirements

NZ IAS 8 *Basis of Preparation of Financial Statements* will include many existing NZ IAS 1 requirements



Mandatory date

- Mandatory for all for-profit entities for **periods beginning on or after 1 January 2027**
- Early application is permitted
- Restate amounts in the comparative period and reconcile restated amounts to previously presented NZ IAS 1 amounts
- Earlier preparation may be needed to restate the comparative period – from **1 January 2026**



1 January 2026

NZ IAS 1



1 January 2027

NZ IFRS 18

Tier 2 entities – Proposed disclosure concessions

- Consultation now open – closes on **Thursday 29 May 2025**
- No RDR concessions on presentation requirements
- RDR concessions proposed in the following key areas:
 - Management-defined performance measures (in both the annual and interim financial statements) **unless** the entity chooses to disclose information about these measures in the financial statements
 - Additional information on specified expenses by nature, when using the functional classification of expenses in the Statement of Profit or Loss

You can provide your feedback through our [consultation page](#) or by emailing accounting@xrb.govt.nz



NZ IFRS 18 educational content



NZ IFRS 18 webpage	<ul style="list-style-type: none">• Full Standard, plus IASB illustrative examples• Summary of key requirements (one-pager)• Benefits and costs summary (one-pager)• Recording of the November 2024 IASB panel discussion• 1 January 2027 versions of certain other NZ IFRSs• Link to IASB supporting material• More to come...
Email alerts on the 18th of each month <i>Sign up here</i>	<ul style="list-style-type: none">• Detailed information about the new requirements• Details of upcoming events, such as deep dive webinars
Deep dive webinars	<ul style="list-style-type: none">• Three sessions to be held in June, August and October – registration details coming soon

NZ IFRS 18 also available on the [XRB Standards Navigator](#)

Questions?

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us

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