Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Need-to-know series

Accounting Update

Tier 1 and Tier 2 Not-for-profit entities

Monday 23 November 2026

12:00pm – 1:00pm

About the XRB

Our purpose

Promoting trust and confidence, transparency and accountability through high-quality external reporting and assurance

Our strategy

Internationally aligned, locally relevant

Our approach

- Open, engaging and transparent
- Attuned to user needs, benefits and costs
- Agile and pragmatic
- Responsive to changing global and local context

What we deliver

- Financial reporting standards
- Audit and assurance standards
- Quality management and ethical standards for assurance practitioners
- Climate standards

What we do and don't do



Primary legislation: who standards apply to is set by Parliament



Secondary legislation: the framework and standards are set by the XRB



Monitoring and enforcement: sits with regulators such as the Financial Markets Authority (FMA)

Overview

- Service Performance Information (SPI)
- Going Concern
- Upcoming standards and amendments becoming mandatory
- On the horizon
- Review of the Accounting Standards Framework
- Questions

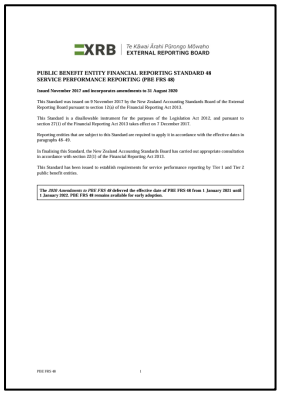


Webinar slides and recording will be available on our website

Service Performance Information (SPI)



SPI Standard and Guidance


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PUBLIC BENEFIT ENTITY FINANCIAL REPORTING STANDARD 48
SERVICE PERFORMANCE REPORTING (PBE FRS 48)

Issued November 2017 and incorporates amendments to 31 August 2020

This Standard was issued on 9 November 2017 by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This Standard is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 7 December 2017.

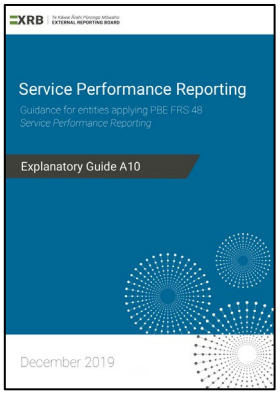
Reporting entities that are subject to this Standard are required to apply it in accordance with the effective dates in paragraphs 44–45.

In finalising this Standard, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This Standard has been issued to establish requirements for service performance reporting by Tier 1 and Tier 2 public benefit entities.

The 2020 Amendments to PBE FRS 48 delivered the effective date of PBE FRS 48 from 1 January 2021 until 1 January 2022. PBE FRS 48 remains available for early adoption.

PBE FRS 48 1


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Service Performance Reporting

Guidance for entities applying PBE FRS 48 Service Performance Reporting

Explanatory Guide A10

December 2019

Reporting Standard (21 pages)

- Public Benefit Entity Financial Reporting Standard (PBE FRS) 48 *Service Performance Reporting*
  - *Establish principles and requirements for presenting service performance information (SPI) that is useful for accountability and decision-making purposes in general-purpose financial reports*

Explanatory Guide (61 pages)

- Explanatory Guide (EG) A10 provides detailed guidance and examples to help understand the requirements of the standard
  - *Does not create any new requirements but provides helpful notes, planning prompts and further guidance to apply PBE FRS 48*

What is SPI?

SPI is **performance information** about what the entity has done during the reporting period in working towards its broader aims and objectives, together with supporting **contextual information**.

Contextual information

Why the entity exists, what it aims to achieve, and how it plans to achieve its desired objectives.

Performance information

What the entity delivered during the reporting period, including activities and their immediate effects in the period.



Reporting SPI is an essential part of **accountability**, to explain what an entity has set out to do and what it achieved

Core SPI principles

SPI represents a fundamental shift in reporting and assurance	– More than financial reporting – Services delivered and performance achieved – Contribution to overall objectives
SPI is about accountability for what an entity is responsible for	– Resources entrusted – what has the entity achieved? – Accountability for delivery against aims and objectives – Focus on the entity's own activities and attributable performance
Not all performance information is SPI	– Outcomes, impacts, or broader societal changes are not SPI – Focus on the entity's responsibility and what is important to users – Other mechanisms can report broader performance information

Guidance for entities

- **Consultation** with preparers and assurance practitioners
- **Guidance** addressing SPI reporting questions and processes
- **Practical approach** to developing and reporting SPI

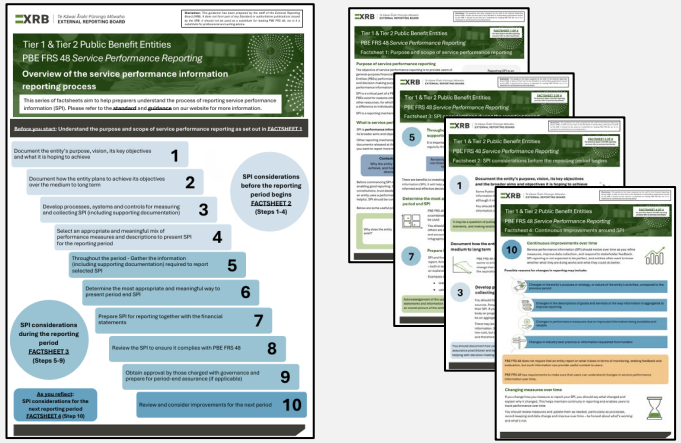
Overview Factsheet – The SPI Reporting Process

Factsheet 1 – Purpose and scope of SPI

Factsheet 2 – Considerations before the reporting period

Factsheet 3 – Considerations during the reporting period

Factsheet 4 – Continuous improvement of SPI

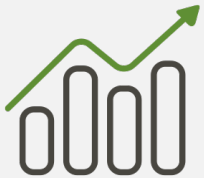


Key messages for entities

Start SPI thinking early

Ensure strong governance and resources

Treat SPI as a year-round process



Focus on continuous improvement

Engage with assurance practitioners early (where relevant)



Going Concern

Going concern

What is changing?

- **Accounting standards** – no changes. Going concern remains the reporting entity and governance's responsibility.
- **Auditing standards** – Revised ISA (NZ) 570 *Going Concern*
  - Increases the auditor's scrutiny of management's going concern assessment and introduce greater transparency about going concern in the auditor's report.
  - Applies to accounting periods beginning on or after **15 December 2026**.

What is going concern?

*The assumption that an entity will continue to operate for the foreseeable future and has neither the need to liquidate or cease trading (**ability**) not the intention to do so (**intent**).*



Going concern

What changes to expect?

- Greater audit scrutiny of management's going concern assessment
- Changes to auditor’s report

  *For **all entities**, the auditor's conclusion on whether the going concern basis of preparation is appropriate will be included.*



Going concern guidance*

**The guidance focuses on for-profit entities but is also relevant to NFPs.*

New standards and amendments becoming mandatory this year and in upcoming years



New standards and amendments for PBEs

(December 2026, March 2027 and June 2027 year-ends)

Standard/ Amendment	Description	Mandatory date
2024 Omnibus Amendments to PBE Standards (Amendments to PBE IPSAS 1 and PBE IAS 12)	• Amendments to PBE IPSAS 1: Clarify the principles of classifying a **liability** as **current or non-current**	• Periods beginning on/after 1 Jan 2026
	• Amendments to PBE IAS 12: Temporary **relief** from accounting for **deferred tax** arising from OECD's **international tax reforms** ('Pillar Two Model Rules')	• Periods beginning on/after 1 Jan 2024
Amendments to XRB A2 resulting from the Regulatory Systems (Economic Development) Amendment Act 2025	Updates XRB A2 to reflect amendments to the Financial Reporting Act 2013 in relation to statutory size definitions.	Periods beginning on/after 29 Sept 2025

2024 Omnibus Amendments to PBE Standards:

Classification of liabilities as current or non-current

Reminder: **Liability** is classified as **current** if **any** of the following apply:

- Settled in entity's normal operating cycle
- Held primarily for being traded
- Due to be settled within 12 months of reporting date
- No right to defer settlement for at least 12 months

All other liabilities are classified as **non-current**

Amendments to PBE IPSAS 1 to **clarify** this requirement:

- Classification as current or non-current is based on **entity's rights** at **reporting date.**
- **Covenants** affect classification only if compliance required **on or before the reporting date.**
- Whether the entity is **likely to exercise its right** to defer settlement **doesn't affect classification.**

Clarified meaning of **'settlement'**

Disclosures for non-current liabilities where there are **covenants** entity must comply with **within 12 months after the reporting date**

New standards and amendments for PBEs

(December 2027, March 2028 and June 2028 year-ends)

Standard/ Amendment	Description	Mandatory date
2025 Amendments to XRB A1 Application of the Accounting Standards Framework (Amendments to XRB A1)	• **Clarify** definition of **public accountability** • **Increase Tier 1 size threshold** for **for-profit public sector entities** in line with Tier 1 PBEs (**$33m expenses**) • **Clarify** when the **PBE Tier 4 criteria** are met	Periods beginning on/after 1 Jan 2027
Amendments to PBE Standards: Specific IFRIC Interpretations (Amendments to PBE IPSAS 10, PBE IPSAS 19 and PBE IAS 39)	• Amendments to PBE IPSAS 10: **clarify** how an entity restates its financial statements in the **first year of hyperinflation**. • Amendments to PBE IPSAS 19**: clarify** the accounting for changes in **decommissioning, restoration and similar liabilities** • Amendments to PBE IPSAS 39**:** clarify certain requirements when accounting for **post-employment defined benefits**	Periods beginning on/after 1 Jan 2027

New standards and amendments for PBEs

(December 2027, March 2028 and June 2028 year-ends)

Standard/ Amendment	Description	Mandatory date
PBE IPSAS 50 *Exploration for and Evaluation of Mineral Resources* *Consequential amendments arising from PBE IPSAS 50*	• Prescribes the accounting treatment for exploration and evaluation expenditures, including the recognition, measurement and presentation of exploration and evaluation assets	Periods beginning on/after 1 Jan 2027
Stripping Costs in the Production Phase of a Surface Mine (Amendments to PBE IPSAS 12)	• Guidance on when to capitalise or expense costs incurred to remove waste material in surface mining operations.	Periods beginning on/after 1 Jan 2027

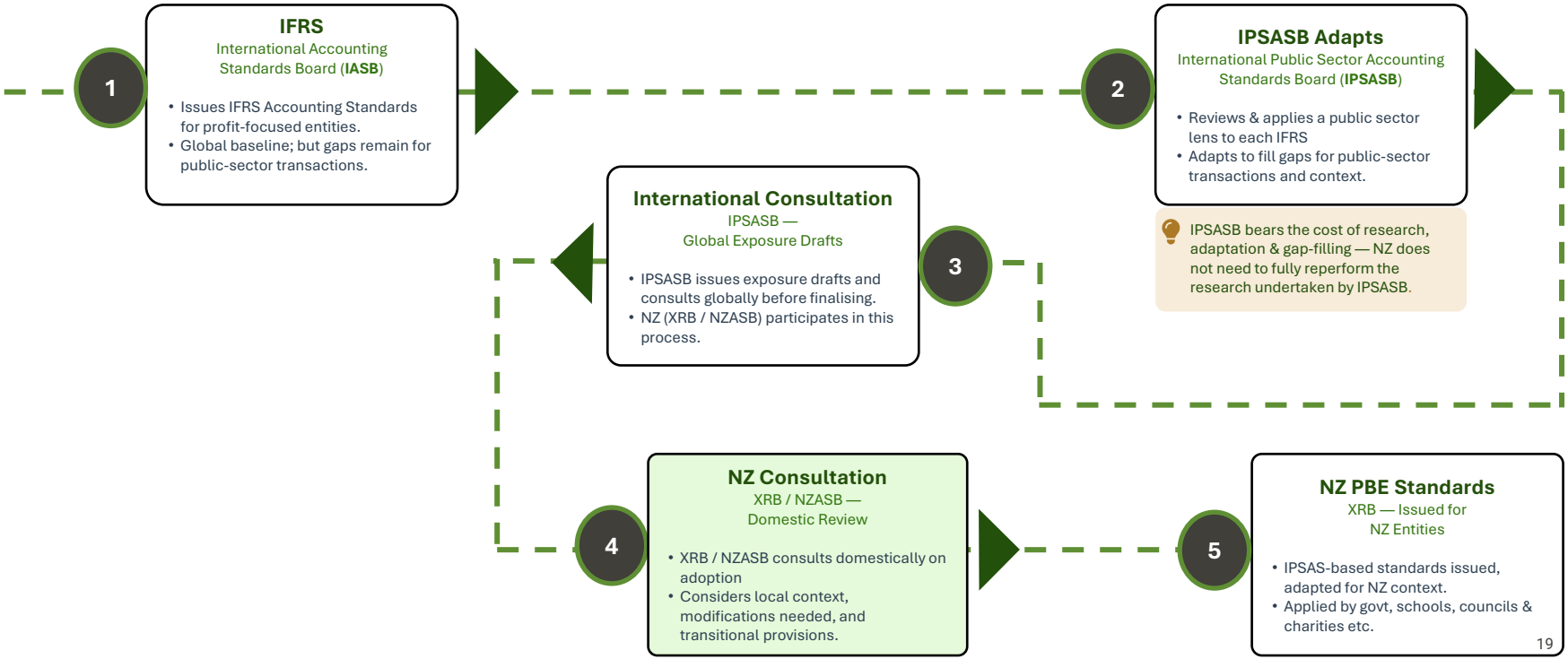
On the horizon



How NZ PBE Standards originate

The IFRS → IPSAS → NZ Pipeline

Many IPSAS standards begin as IFRS — IPSASB adds the public sector lens and absorbs the research cost before standards reach New Zealand; a sector-neutral IFRS-based approach would transfer that cost of creating public sector adaptations to NZ.



PBE Revenue and Transfer Expenses

Proposed new accounting requirements for **Tier 1 and Tier 2 PBEs**

ED PBE IPSAS 47 *Revenue*

- Single revenue standard replacing three (PBE IPSAS 9, PBE IPSAS 11, PBE IPSAS 23)
- Robust framework aiming to enhance transparency and consistency of reporting
- Aligned with IFRS 15 where relevant
- Additional guidance and examples

ED PBE IPSAS 48 *Transfer Expenses*

- Covers expenses like grants and donation paid, social welfare payments, etc.
- Fills gap in PBE Standards – enhanced consistency
- Requirements supported by guidance and examples



Internationally aligned with IPSASB Standards

Locally relevant for New Zealand PBEs

Coherent fundamental principles in both EDs

PBE Revenue and Transfer Expenses

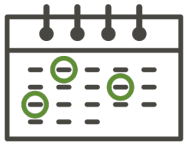
Proposed new accounting requirements for **Tier 1 and Tier 2 PBEs**

ED PBE IPSAS 47 *Revenue*

ED PBE IPSAS 48 *Transfer Expenses*



- Consultation closed December 2025
- What we heard: Respondents supported the principles in the EDs but raised application, capacity and cost concerns
- NZASB is deliberating ED feedback



Proposed mandatory date was 1 Jan 2029, but NZASB agreed to defer. New mandatory date to be communicated once determined.

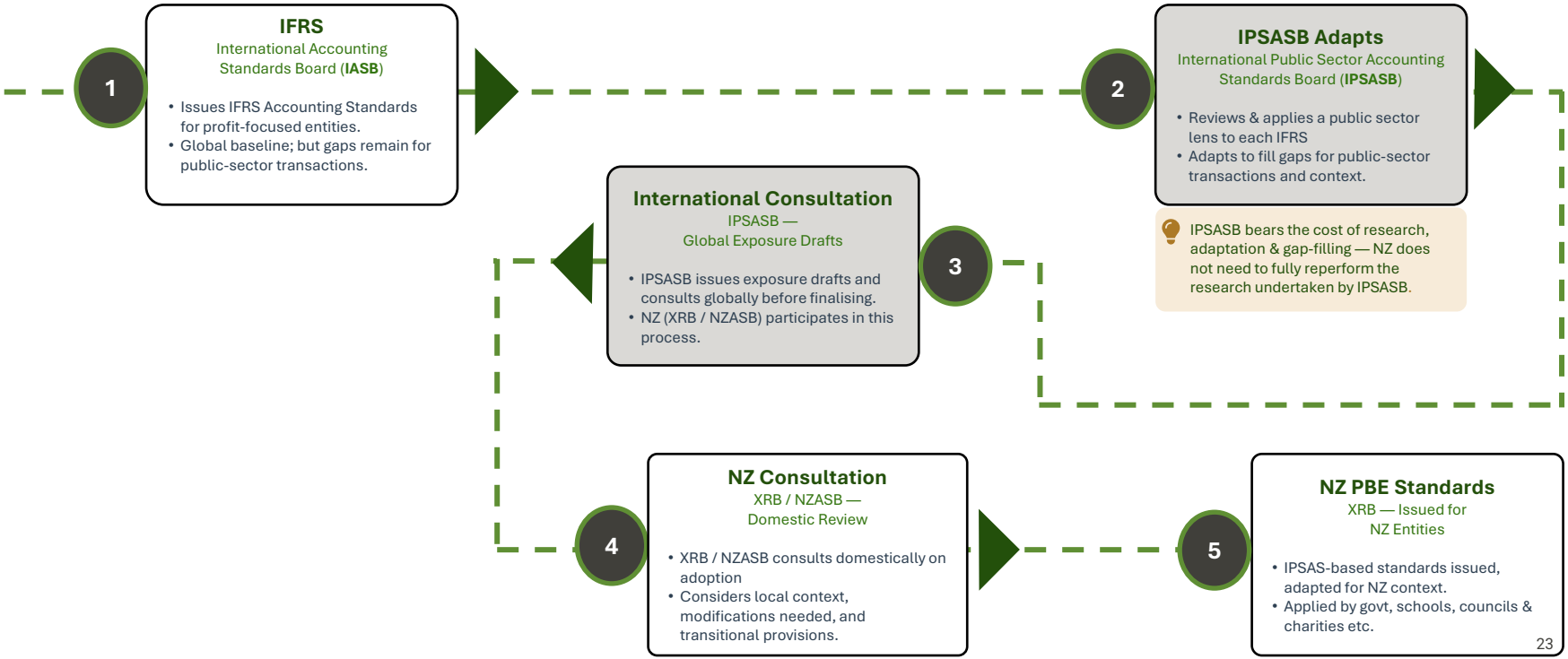
Other NZASB PBE projects

IPSASB standards	Description	NZASB actions:
IPSAS 43 *Leases*	IPSAS 43 introduces a right-of-use model where lessees recognise most leases on the balance sheet	PBE Leases project has been on hold – expected to recommence in 2027. More information here.
IPSAS 46 *Measurement* and related pronouncements issued as part of the Measurement project	The IPSASB Measurement project: • **Updated** definition of **fair value** (aligned with IFRS 13) • **New** measurement basis: **current operational value (COV)**	NZASB agreed to start a project to develop PBE Standards based on the IPSASB Measurement pronouncements. Work expected to start in 2027.
IPSAS 51 *Tangible Natural Resources Held for Conservation*	IPSAS 51 sets out accounting requirements for tangible natural resources held for conservation.	NZASB agreed not to develop a PBE Standard based on IPSAS 51, but to develop amendments to PBE Standards based on parts of IPSAS 51 – concurrently with PBE Measurement project

How NZ PBE Standards originate

The IFRS → IPSAS → NZ Pipeline

Many IPSAS standards begin as IFRS — IPSASB adds the public sector lens and absorbs the research cost before standards reach New Zealand; a sector-neutral IFRS-based approach would transfer that cost of creating public sector adaptations to NZ.



Other IPSASB projects (financial reporting)

IPSASB projects:	IPSASB actions:
Presentation of Financial Statements	Developing IPSAS based on IFRS 18 *Presentation and Disclosure in Financial Statements*, with modifications for the public sector. Consultation Paper closed for comment in Sep 2026. **ED expected 2027/2028.**
Materiality	**Phase 1: IPSASB amendments** *Definition of Material* – **Oct 2025** • Clarify that materiality relates to needs of *primary* users, align materiality definition in IPSAS with the Conceptual Framework **Phase 2:** Proposed guidance on *Making Materiality Judgements* **– reviewing ED feedback**
Improvements to IPSAS – Volume 10	**Issued Nov 2026**: **Amendments** to IPSAS based on recent IASB narrow-scope amendments: • *Contracts Referencing Nature-Dependent Electricity* • *Amendments to the Classification and Measurement of Financial Instruments* • *Supplier Finance Arrangements* Also: *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40)

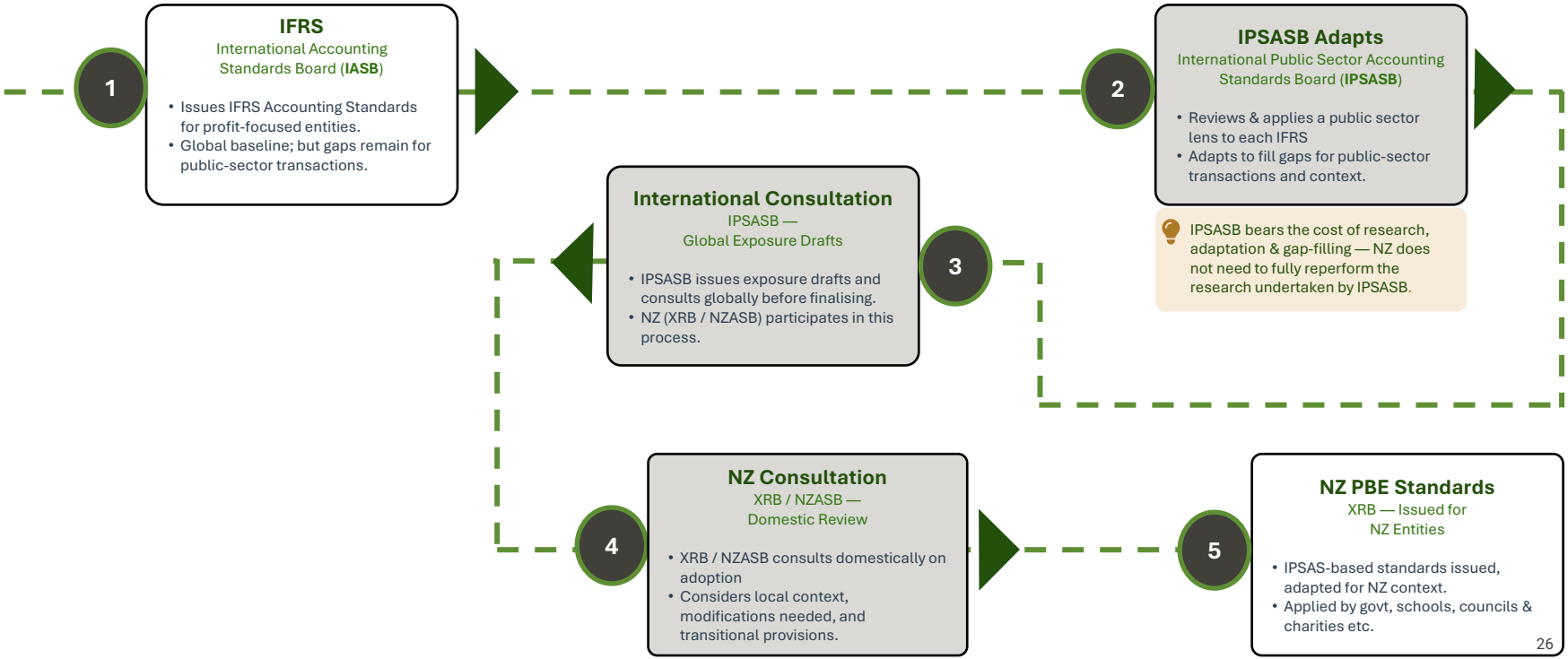
Other IPSASB projects (financial reporting)

IPSASB projects:	IPSASB actions:
Improvements to IPSAS – Volume 11	**ED expected in March 2027**, with proposals based on IASB amendments: • *Disclosure about Uncertainties in Financial Statements* (illustrative examples), with **additional public sector-specific examples** • *Translation to a Hyperinflationary Economy* (narrow-scope amendments)
IPSASB Work Programme Consultation	IPSASB agreed to **add to its work programme** financial reporting projects on: • Disclosure about Uncertainties in Financial Statements (see above) • Provisions – Targeted Improvements • Intangible assets Also: PIR of IPSAS 35 *Consolidated Financial Statements*
IPSASB Next Strategy Consultation	Developing new strategic objective – reflecting increased focus on implementation support and plan to actively champion the benefit of information based on IPSAS. **Consultation expected Dec 2026/Q1 2027**

How NZ PBE Standards originate

The IFRS → IPSAS → NZ Pipeline

Many IPSAS standards begin as IFRS — IPSASB adds the public sector lens and absorbs the research cost before standards reach New Zealand; a sector-neutral IFRS-based approach would transfer that cost of creating public sector adaptations to NZ.



Review of the Accounting Standards Framework

What you need for menti polls

Please have your phone or device ready to access menti.com – either via the QR code provided or through your web browser by using the code (*7814 8046*) displayed.

menti.com

7814 8046

Review of the Accounting Standards Framework

Tier 1 and 2 NFP Join us
Webinar 8 Dec

- We are reviewing the ASF to determine whether it remains fit for purpose – Read our initial analysis on our webpage
- **We expect to release a public discussion paper in May 2027 to seek your feedback**
- Complete our surveys on each element of the ASF to provide early input
- Separate sessions on ASF background and options for not-for-profit entities on 8 December







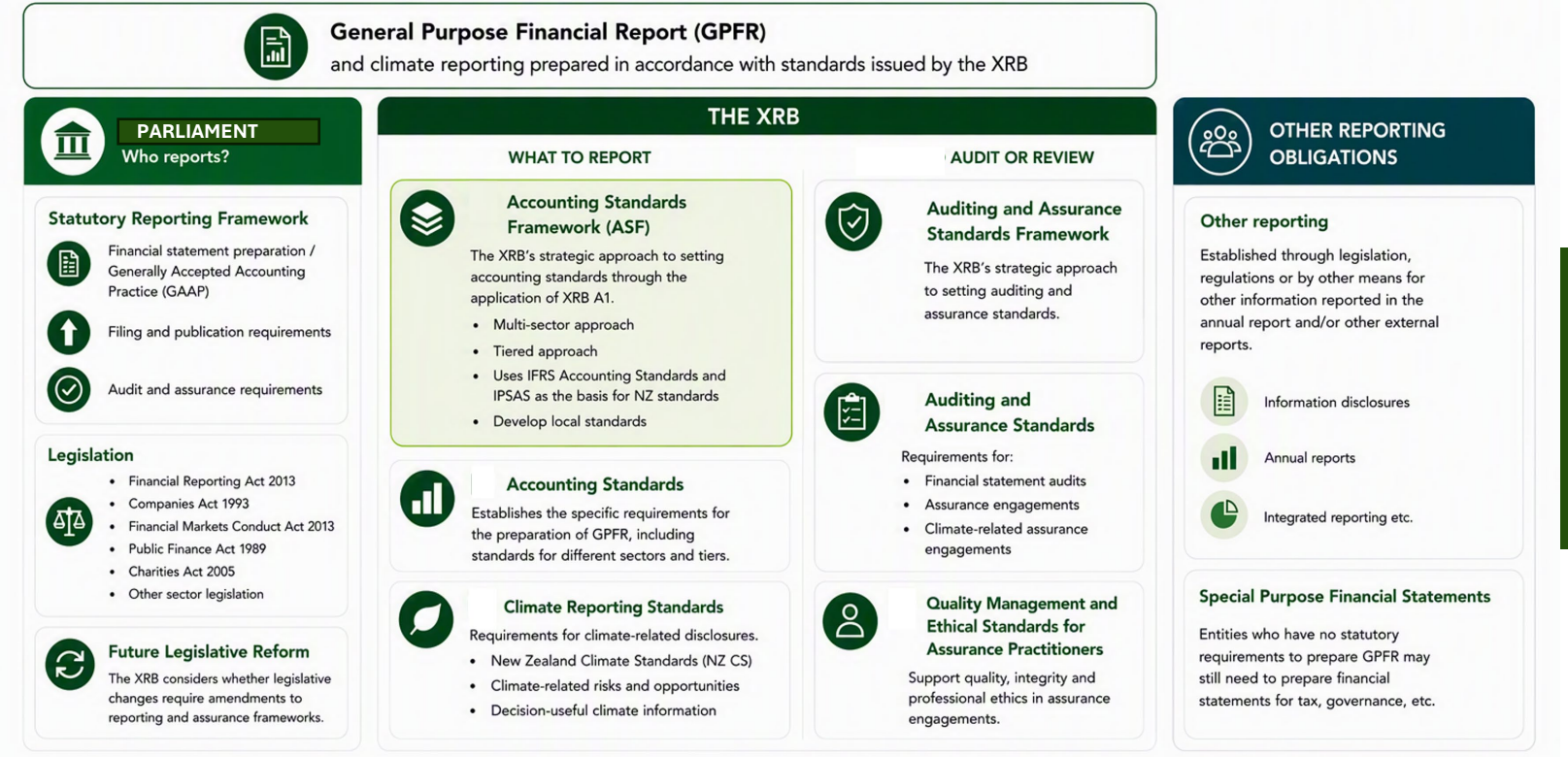


Purpose of the Accounting Standards Framework

The purpose of the accounting standards framework review is to assess whether New Zealand's tiered, multi-standard, sector-based accounting standards framework remains fit-for-purpose, internationally aligned and locally relevant, and continues to support high-quality, decision-useful financial reporting in the public interest.

The review is future-focused, evidence-based, and designed to explore viable options for the framework. It seeks to identify the key challenges, risks, opportunities and trade-offs that arise under different options. While we recognise that any changes to the framework will involve costs, the review will examine whether the framework continues to meet user needs and whether it achieves an appropriate balance between the benefits of reporting and the costs imposed on preparers and others.

NZ external reporting environment



Legislation creates the reporting obligation; XRB A1 then determines the sector, tier and applicable accounting requirements.

Please note: this diagram is a high-level overview of the NZ reporting environment and is not intended to be comprehensive.

Accounting Standards Framework (ASF)

XRB levers

Tier 1 and 2
Join us
Webinar 8 Dec

1. Two-sector approach

- For-profit entities
- Public Benefit Entities (PBEs)
  - Public sector PBEs
  - Not-for-profit PBEs

2. Tiered approach

Different accounting requirements based on cost-benefit considerations.

- For-profit entities – 2 tiers
- PBEs – 4 tiers

3. Multi-standards

For-profit entities:
Standards based on **IFRS Accounting Standards.**

PBEs:
Tier 1 and Tier 2 standards primarily based on **IPSAS standards.**

Domestic simple format standards developed by the XRB for Tier 3 and Tier 4 PBEs.

An entity identifies its sector and tier, then applies the applicable standards.

For-profit entities		Framework
Tier 1	• Public accountability (as defined in XRB A1); or • Large public sector for-profit entity • Total expenses > $33 million	NZ IFRS
Tier 2	• No public accountability • For-profit public sector entity with Total expenses ≤ $33 million	NZ IFRS RDR

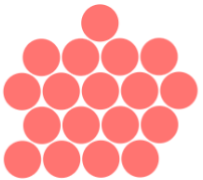
PBE public sector and not-for-profit entities		Framework
Tier 1	• Public accountability; or • Large PBE with Total expenses > $33 million	PBE Standards
Tier 2	• No public accountability • Total expenses ≤ $33 million	PBE Standards RDR
Tier 3	• No public accountability • Total expenses ≤ $5 million	Tier 3 Standard
Tier 4	• No public accountability • Permitted by law to use non-GAAP cash accounting	Tier 4 Standard

*Ministerial approval may be required for changes to sectors, the number of tiers, and the international standards used as the basis for New Zealand standards (Financial Reporting Act 2013, sections 31 and 32).

Overall, do you think the review of the ASF should focus primarily on:



6 Maintaining stability



18 Making targeted improvements



1 Undertaking significant reforms

0 Unsure

Optionality

Should more than one reporting framework be available for Tier 1 and Tier 2 NFP entities, rather than a single consistent framework?

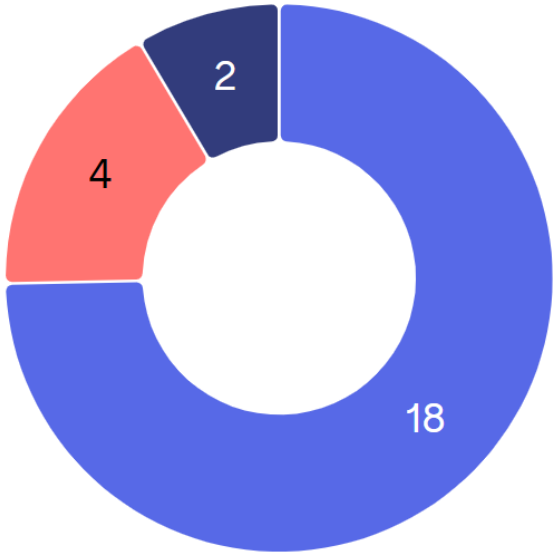
Potential benefit

Greater flexibility and potential cost savings for some entities able to report under a framework.

Trade-offs

- May reduce comparability.
- Increases audit, regulatory and capability requirements across the reporting ecosystem.

What is more important for Tier 1 and Tier 2 not-for-profit (NFP) financial reporting?



18	A consistent reporting framework for similar NFP entities
4	Greater flexibility for entities to choose a reporting framework that better suits their circumstances
2	Unsure

Pre-consultation webpage

For each element we cover, the pre-consultation webpage will carry support behind the discussion. Stakeholders can follow progress, access the supporting material and have their say.

Background videos
Short explainers

Summary slides
Public NZASB slides

Detailed analysis papers
NZASB papers

Meeting minutes
Public NZASB minutes

Short surveys
Your views, pre-consultation

Example of the website view

5. Not-for-profit Sector (in Progress)

Topic considered	Link to background videos	Link to public NZASB slides	Link to public NZASB papers	Link to public NZASB minutes
PBE overarching considerations	-	-	October 2026 Board paper	
Tier 1 framework options	Overview video	Overview slides	October 2026 Board paper	
Tier 2 framework options	Overview video	Overview slides	October 2026 Board paper	
Tier 3 and Tier 4 framework options	Overview video	Overview slides	October 2026 Board paper	

Have your say now

Website link: 2027 Review of the Accounting Standards Framework







Scan a QR code to complete the short survey

Tier 1 and 2 Join us
Webinar 8 Dec

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Pātai Questions?

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Thank you

Mā te wā