



Initial Application of NZ IFRS 17 and NZ IFRS 9—Comparative Information

Issued January 2022

This Standard was issued on 13 January 2022 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 2019, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 10 February 2022.

Reporting entities that are subject to this Standard are required to apply it in accordance with the effective date set out in Part D.

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 Tier 1 and Tier 2 For-profit Accounting Standard is based on *Initial Application of IFRS 17 and IFRS 9—Comparative Information* issued by the International Accounting Standards Board.

COPYRIGHT

© External Reporting Board (XRB) 2022

This XRB standard contains International Financial Reporting Standards (IFRS®) Foundation copyright material. Reproduction within New Zealand in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgement of the source.

Requests and enquiries concerning reproduction and rights for commercial purposes within New Zealand should be addressed to the Chief Executive, External Reporting Board at the following email address: enquiries@xrb.govt.nz and the IFRS Foundation at the following email address: permissions@ifrs.org

All existing rights (including copyrights) in this material outside of New Zealand are reserved by the IFRS Foundation. Further information and requests for authorisation to reproduce for commercial purposes outside New Zealand should be addressed to the IFRS Foundation.

ISBN 978-1-99-100512-0

Copyright

IFRS Standards are issued by the
International Accounting Standards Board
Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.
Tel: +44 (0) 20 7246 6410
Email: info@ifrs.org Web: www.ifrs.org

Copyright © International Financial Reporting Standards Foundation All rights reserved.

Reproduced and distributed by the External Reporting Board with the permission of the IFRS Foundation.

This English language version of the IFRS Standards is the copyright of the IFRS Foundation.

1. The IFRS Foundation grants users of the English language version of IFRS Standards (Users) the permission to reproduce the IFRS Standards for
 - (i) the User's Professional Use, or
 - (ii) private study and education

Professional Use: means use of the English language version of the IFRS Standards in the User's professional capacity in connection with the business of providing accounting services for the purpose of application of IFRS Standards for preparation of financial statements and/or financial statement analysis to the User's clients or to the business in which the User is engaged as an accountant.

For the avoidance of doubt, the abovementioned usage does not include any kind of activities that make (commercial) use of the IFRS Standards other than direct or indirect application of IFRS Standards, such as but not limited to commercial seminars, conferences, commercial training or similar events.

2. For any application that falls outside Professional Use, Users shall be obliged to contact the IFRS Foundation for a separate individual licence under terms and conditions to be mutually agreed.
3. Except as otherwise expressly permitted in this notice, Users shall not, without prior written permission of the Foundation have the right to license, sublicense, transmit, transfer, sell, rent, or otherwise distribute any portion of the IFRS Standards to third parties in any form or by any means, whether electronic, mechanical or otherwise either currently known or yet to be invented.
4. Users are not permitted to modify or make alterations, additions or amendments to or create any derivative works, save as otherwise expressly permitted in this notice.
5. Commercial reproduction and use rights are strictly prohibited. For further information please contact the IFRS Foundation at permissions@ifrs.org.

The authoritative text of IFRS Standards is that issued by the International Accounting Standards Board in the English language. Copies may be obtained from the IFRS Foundation’s Publications Department.

Please address publication and copyright matters in English to:

IFRS Foundation Publications Department

Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.

Tel: +44 (0) 20 7332 2730 Fax: +44 (0) 20 7332 2749

Email: publications@ifrs.org Web: www.ifrs.org

Trade Marks



The IFRS Foundation logo, the IASB logo, the IFRS for SMEs logo, the “Hexagon Device”, “IFRS Foundation”, “eIFRS”, “IAS”, “IASB”, “IFRS for SMEs”, “IASs”, “IFRS”, “IFRSs”, “International Accounting Standards” and “International Financial Reporting Standards”, “IFRIC”, and “SIC” are **Trade Marks** of the IFRS Foundation.

Disclaimer

The authoritative text of the IFRS Standards is reproduced and distributed by the External Reporting Board in respect of their application in New Zealand. The International Accounting Standards Board, the Foundation, the authors and the publishers do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

CONTENTS

	<i>from page</i>
PART A: INTRODUCTION	5
PART B: SCOPE	5
PART C: AMENDMENTS TO NZ IFRS 17 <i>INSURANCE CONTRACTS</i>	5
PART D: EFFECTIVE DATE	6

The following is available within New Zealand on the XRB website as additional material

**APPROVAL BY THE IASB OF *INITIAL APPLICATION OF IFRS 17 AND IFRS 9—
COMPARATIVE INFORMATION* ISSUED IN DECEMBER 2021**

AMENDMENTS TO THE BASIS FOR CONCLUSIONS ON IFRS 17 *INSURANCE CONTRACTS*

Part A – Introduction

This Standard sets out amendments to NZ IFRS 17 *Insurance Contracts*. The amendments will help insurers to avoid temporary accounting mismatches due to different transition requirements in NZ IFRS 17 and NZ IFRS 9 *Financial Instruments*.

Tier 2 entities are required to comply with all the requirements in this Standard.

Part B – Scope

This Standard applies to Tier 1 and Tier 2 for-profit entities.

Part C – Amendments to NZ IFRS 17 *Insurance Contracts*

Paragraphs C2A, C28A–C28E, C33A and the heading before paragraph C28A are added.

For ease of reading these paragraphs have not been underlined. Paragraph C29 is not amended, but is included in grey text for ease of reference.

Appendix C Effective date and transition

...

Effective date

...

C2A *Initial Application of NZ IFRS 17 and NZ IFRS 9—Comparative Information*, issued in January 2022, added paragraphs C28A–C28E and C33A. An entity that chooses to apply paragraphs C28A–C28E and C33A shall apply them on initial application of NZ IFRS 17.

Transition

...

Comparative information

...

Entities that first apply NZ IFRS 17 and NZ IFRS 9 at the same time

C28A An entity that first applies NZ IFRS 17 and NZ IFRS 9 at the same time is permitted to apply paragraphs C28B–C28E (classification overlay) for the purpose of presenting comparative information about a financial asset if the comparative information for that financial asset has not been restated for NZ IFRS 9. Comparative information for a financial asset will not be restated for NZ IFRS 9 if either the entity chooses not to restate prior periods (see paragraph 7.2.15 of NZ IFRS 9), or the entity restates prior periods but the financial asset has been derecognised during those prior periods (see paragraph 7.2.1 of NZ IFRS 9).

C28B An entity applying the classification overlay to a financial asset shall present comparative information as if the classification and measurement requirements of NZ IFRS 9 had been applied to that financial asset. The entity shall use reasonable and supportable information available at the transition date (see paragraph C2(b)) to determine how the entity expects the financial asset would be classified and measured on initial application

of NZ IFRS 9 (for example, an entity might use preliminary assessments performed to prepare for the initial application of NZ IFRS 9).

- C28C In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements in Section 5.5 of NZ IFRS 9. If, based on the classification determined applying paragraph C28B, the financial asset would be subject to the impairment requirements in Section 5.5 of NZ IFRS 9 but the entity does not apply those requirements in applying the classification overlay, the entity shall continue to present any amount recognised in respect of impairment in the prior period in accordance with NZ IAS 39 *Financial Instruments: Recognition and Measurement*. Otherwise, any such amounts shall be reversed.
- C28D Any difference between the previous carrying amount of a financial asset and the carrying amount at the transition date that results from applying paragraphs C28B–C28C shall be recognised in opening retained earnings (or other component of equity, as appropriate) at the transition date.
- C28E An entity that applies paragraphs C28B–C28D shall:
- (a) disclose qualitative information that enables users of financial statements to understand:
 - (i) the extent to which the classification overlay has been applied (for example, whether it has been applied to all financial assets derecognised in the comparative period);
 - (ii) whether and to what extent the impairment requirements in Section 5.5 of NZ IFRS 9 have been applied (see paragraph C28C);
 - (b) only apply those paragraphs to comparative information for reporting periods between the transition date to NZ IFRS 17 and the date of initial application of NZ IFRS 17 (see paragraphs C2 and C25); and
 - (c) at the date of initial application of NZ IFRS 9, apply the transition requirements in NZ IFRS 9 (see Section 7.2 of NZ IFRS 9).

Redesignation of financial assets

- C29 At the date of initial application of NZ IFRS 17, an entity that had applied NZ IFRS 9 to annual reporting periods before the initial application of NZ IFRS 17:
- (a) may reassess whether an eligible financial asset meets the condition in paragraph 4.1.2(a) or paragraph 4.1.2A(a) of NZ IFRS 9. A financial asset is eligible only if the financial asset is not held in respect of an activity that is unconnected with contracts within the scope of NZ IFRS 17. Examples of financial assets that would not be eligible for reassessment are financial assets held in respect of banking activities or financial assets held in funds relating to investment contracts that are outside the scope of NZ IFRS 17.
 - (b) shall revoke its previous designation of a financial asset as measured at fair value through profit or loss if the condition in paragraph 4.1.5 of NZ IFRS 9 is no longer met because of the application of NZ IFRS 17.
 - (c) may designate a financial asset as measured at fair value through profit or loss if the condition in paragraph 4.1.5 of NZ IFRS 9 is met.
 - (d) may designate an investment in an equity instrument as at fair value through other comprehensive income applying paragraph 5.7.5 of NZ IFRS 9.
 - (e) may revoke its previous designation of an investment in an equity instrument as at fair value through other comprehensive income applying paragraph 5.7.5 of NZ IFRS 9.
- ...
- C33A For a financial asset derecognised between the transition date and date of initial application of NZ IFRS 17, an entity may apply paragraphs C28B–C28E (classification overlay) for the purpose of presenting comparative information as if paragraph C29 had been applied to that asset. Such an entity shall adapt the requirements of paragraphs C28B–C28E so that the classification overlay is based on how the entity expects the financial asset would be designated applying paragraph C29 at the date of initial application of NZ IFRS 17.

Part D – Effective Date

This Standard shall be applied for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.