

RDR Concessions – NZ IFRS 18 *Presentation and Disclosure in Financial Statements*

Proposed amendments to NZ IFRS 18 and
NZ IAS 34 for Tier 2 for-profit entities

Consultation document



February 2025

Consultation closes 29 May 2025



What is this consultation document about?

We are proposing Reduced Disclosure Regime (RDR) concessions for Tier 2 for-profit entities, for certain new disclosure requirements introduced by NZ IFRS 18 *Presentation and Disclosure in Financial Statements*, which is mandatory from 1 January 2027.

The proposed RDR concessions in this consultation would mean that Tier 2 for-profit entities would **NOT** need to comply with those disclosure requirements for the purposes of their reporting.

Why develop RDR concessions for Tier 2 entities?

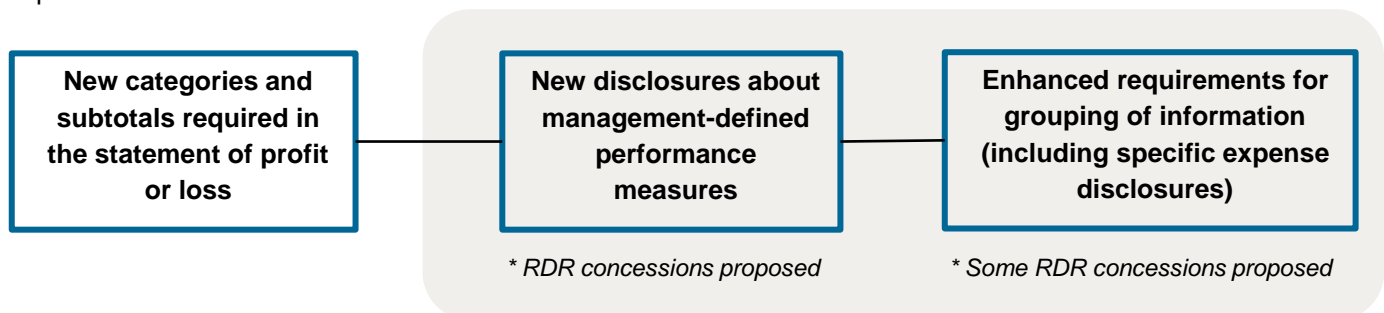
Unlike Tier 1 entities, Tier 2 entities do not have public accountability and consequently the information needs of users of a Tier 2 entity's financial statements differ from the needs of users of a Tier 1 entity's financial statements. The External Reporting Board (XRB) recognises this through the RDR framework.

The purpose of the RDR framework is to simplify the financial reporting for Tier 2 entities by removing or modifying some of the disclosure requirements in the accounting standards, while maintaining the same recognition and measurement requirements as Tier 1 entities.

The objective of the RDR framework is to balance the benefits to users with the costs of preparing financial statements for Tier 2 for-profit entities. It achieves this by only requiring disclosures when they are of particular interest or value to users of those financial statements.

Overview of NZ IFRS 18 and the proposed RDR concessions

NZ IFRS 18 is mandatory from 1 January 2027 and applies to all Tier 1 and Tier 2 for-profit entities. NZ IFRS 18 aims to improve how information is communicated in the financial statements by introducing the following key new requirements.



In ED *RDR Concessions – NZ IFRS 18 Presentation and Disclosure in Financial Statements*, we are proposing that Tier 2 entities will **NOT** be required to disclose information 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 one or more of these measures in the notes to the financial statements.
- Specified expenses by nature when using the functional classification of expenses.

Which NZ IFRS 18 requirements will still apply to Tier 2 entities?

The new principles and requirements introduced in NZ IFRS 18 around the presentation of information (such as new categories and subtotals within the statement of profit or loss) and the grouping of information (to help an entity provide useful information) will still be applicable to Tier 2 entities, along with any disclosure requirements for which there are no RDR concessions.

We encourage all Tier 2 entities to start considering NZ IFRS 18 now and whether changes may be needed in their systems, record-keeping and financial statement preparation process, to ensure the new requirements can be applied efficiently and effectively when mandatory.



How to provide feedback

Responding to consultation questions

We are seeking comments on the questions below. We will consider all comments received before finalising the amendments to NZ IFRS 18 and NZ IAS 34 *Interim Financial Reporting*.

- Q1. Do you agree with the proposed RDR concessions to NZ IFRS 18 and NZ IAS 34? If not, why not?**
- Q2. Would you propose any other RDR concessions to NZ IFRS 18? If so, which concessions would you propose and why?**
- Q3. Do you have any other feedback on the ED proposals?**

Making a submission

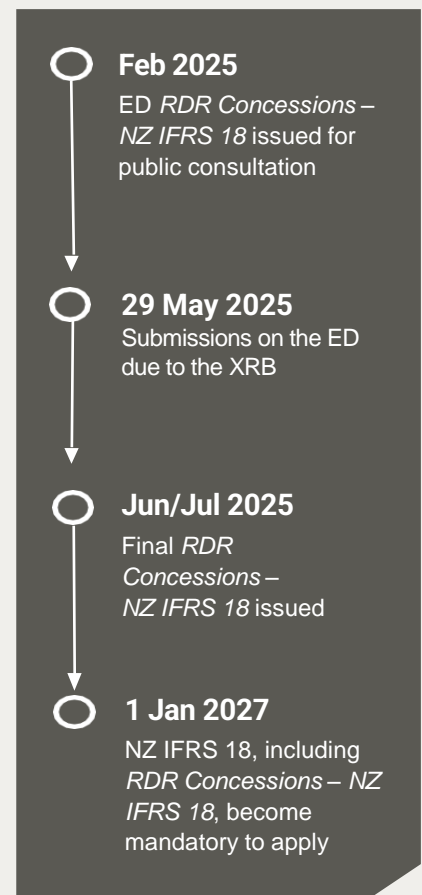
You can provide feedback to us via:

- the [consultation page](#) on our website (where you can upload a PDF or complete an online form); or
- emailing your formal or informal comments to accounting@xrb.govt.nz

Please include 'NZ IFRS 18 RDR concessions' in the subject line and indicate whether the comments are made on your own behalf, or on behalf of a group of people, or an entity.

The consultation closes on **Thursday 29 May 2025**.

Figure 1: Timeline



Publication of submissions, the Official Information Act and the Privacy Act

We intend on publishing all submissions on the [XRB website](#), unless the submission may be defamatory. If you have any objection to publication of your submission, we will not publish it on the XRB website. However, it will remain subject to the Official Information Act 1982 and, therefore, it may be released in part or in full. The Privacy Act 2020 also applies.

If you have an objection to the release of any information contained in your submission, we would appreciate you identifying the parts of your submission to be withheld, and the grounds under the Official Information Act 1982 for doing so.