



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

NZ IFRS 18 Presentation and Disclosure in Financial Statements

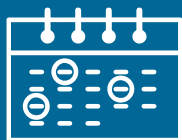
An overview of the new
requirements

NZ IFRS 18 overview



Summary of changes

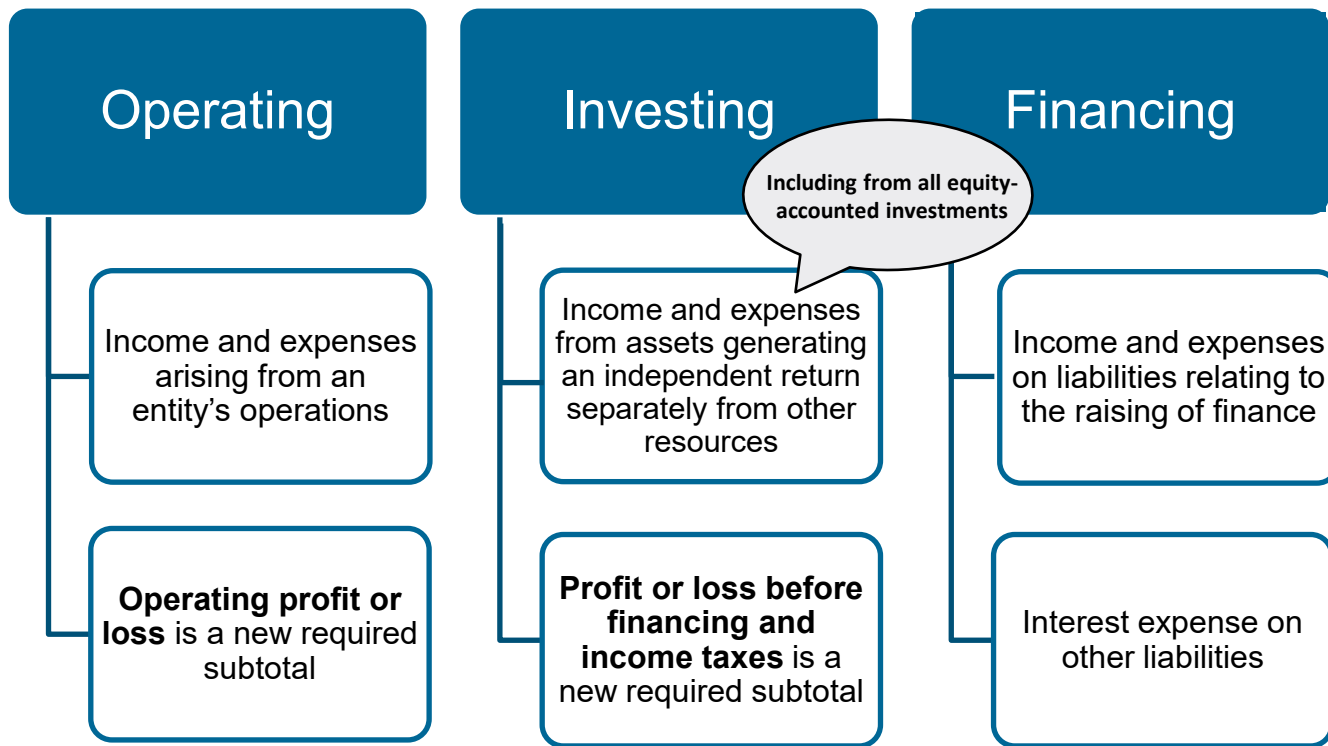
- **Replaces** NZ IAS 1 *Presentation of Financial Statements* when applied
- **Impacts all for-profit reporting entities** in New Zealand
- **Introduces new requirements** relating to the following:
 - Categories and new defined subtotals
 - Management-defined performance measures (MPMs)
 - Enhanced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

Categories and new defined subtotals

Category labels are **not** required in the statement of profit or loss

Additional subtotals and fewer/different line items may be presented

Categories

Operating

Investing

Financing

Income taxes

Discontinued operations

Revenue

Cost of sales

Gross profit

Other operating income

Selling expenses

Research and development expenses

General and administrative expenses

Goodwill impairment loss

Other operating expenses

Operating profit

Share of profit and gains on disposal of associates and joint ventures

Profit before financing and income taxes

Interest expense on borrowings and lease liabilities

Interest expense on pension liabilities and provisions

Profit before income taxes

Income tax expense

Profit from continuing operations

Loss from discontinued operations

Profit

The statement of profit or loss will look different if the entity has a specified main business activity

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

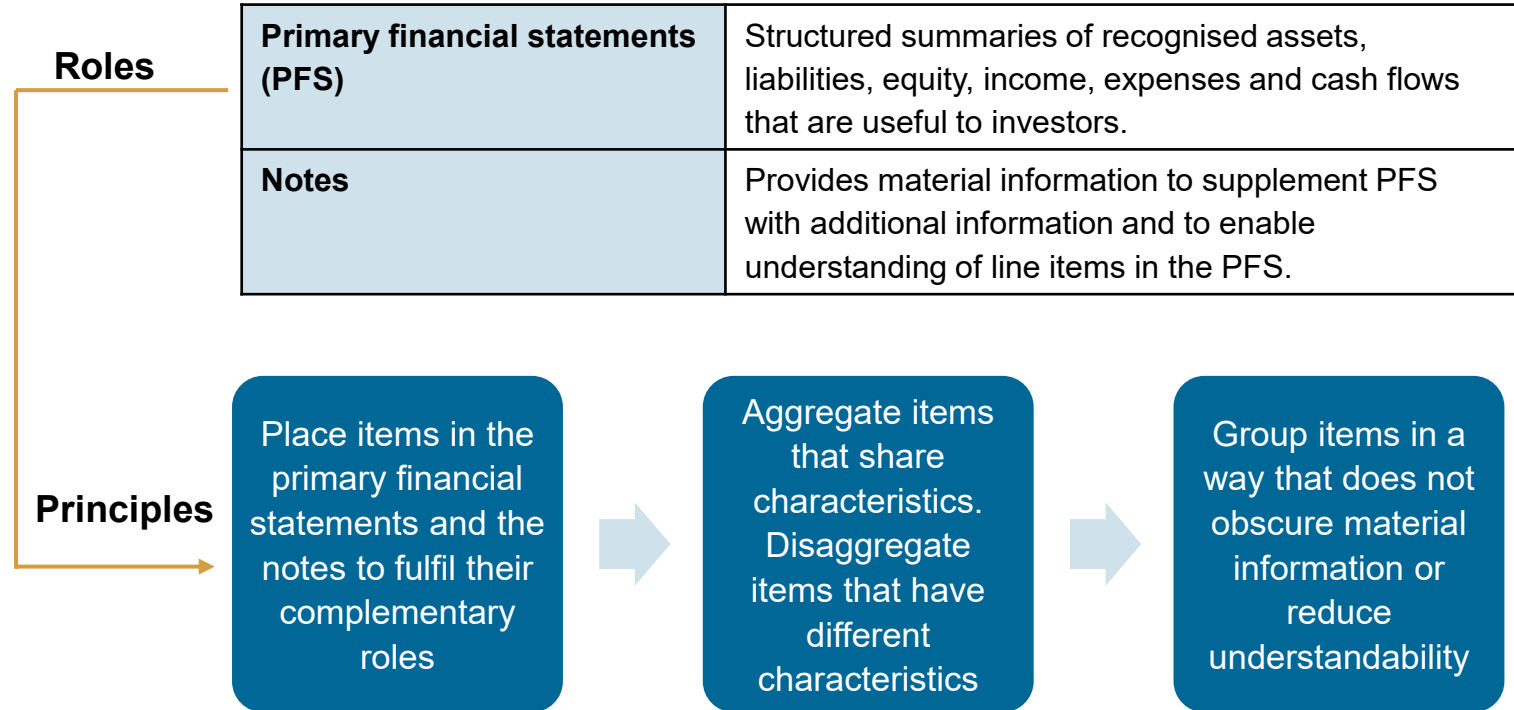
A description of how the MPM communicates management's view and how each MPM is calculated.

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

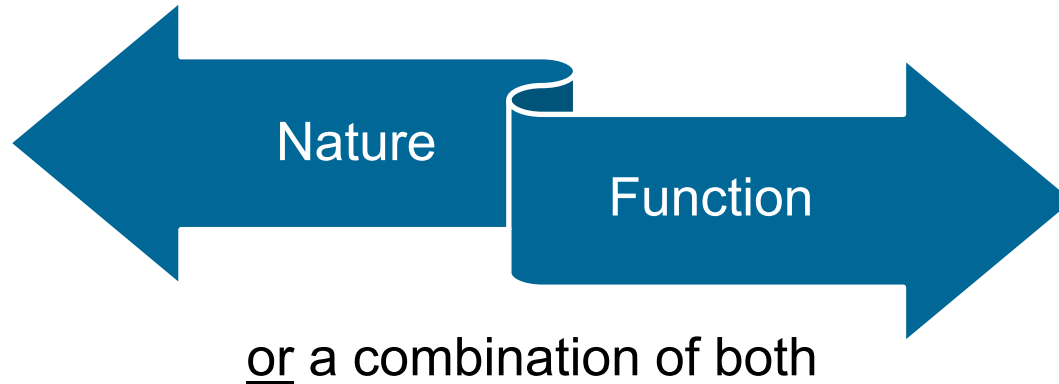
A statement that the MPM reflects management's view and is not necessarily comparable to measures sharing similar labels or descriptions provided by other companies.

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

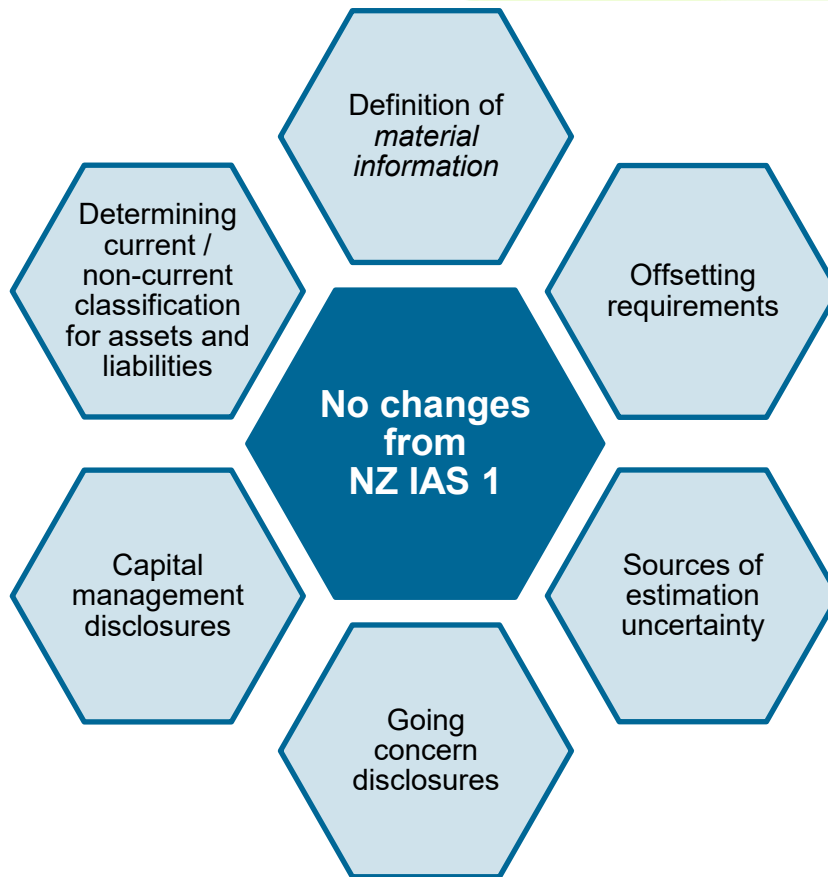
- Amendments to NZ IAS 33 require the numerator in additional per share measures to be either a total or subtotal identified in NZ IFRS 18 or an MPM.

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

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