



## **New Zealand Equivalent to International Accounting Standard 26 Accounting and Reporting by Retirement Benefit Plans (NZ IAS 26)**

**Issued November 2004 and incorporates amendments to 31 January 2026**

This Standard was issued by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 24(1)(a) of the Financial Reporting Act 1993.

This Standard is a Regulation for the purposes of the Regulations (Disallowance) Act 1989.

NZ IAS 26 incorporates the equivalent IFRS® Standard as issued by the International Accounting Standards Board (IASB).

Tier 1 for-profit entities that comply with NZ IAS 26 will simultaneously be in compliance with IAS 26 *Accounting and Reporting by Retirement Benefit Plans*.

In adopting IAS 26 for application as NZ IAS 26 the following changes have been made. NZ IAS 26:

- (a) exempts certain small superannuation schemes from the scope of NZ IAS 26 (paragraph NZ 1.5);
- (b) does not include the option for defined benefit plans to present the actuarial present value of promised retirement benefits in an accompanying actuarial report (paragraph 17). References to this presentation option have been deleted (paragraphs 22(c), 26, 28(c), 30, 31 and 35(d));
- (c) acknowledges the existence of legislative requirements for obtaining valuations (footnote to paragraph 27);
- (d) requires a statement of cash flows to be prepared by all retirement benefit plans (paragraph NZ 34.1); and
- (e) includes a number of additional disclosures for defined contribution plans (paragraphs NZ 35.1 to NZ 35.2) and defined benefit plans (paragraphs NZ 35.3 to NZ 35.6 and NZ 36.1).

Tier 2 entities must comply with all the provisions in NZ IAS 26.

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Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.  
Tel: +44 (0)20 7246 6410  
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New Zealand Equivalent to International Accounting Standard 26 *Accounting and Reporting by Retirement Benefit Plans* (NZ IAS 26) is set out in paragraphs NZ 0.1–38. NZ IAS 26 is based on International Accounting Standard IAS 26 *Accounting and Reporting by Retirement Benefit Plans* (IAS 26) (reformatted 1994) issued by the International Accounting Standards Committee (IASC) and adopted by the International Accounting Standards Board (IASB). All the paragraphs have equal authority but retain the IASC format of the Standard when it was adopted by the IASB. NZ IAS 26 should be read in the context of the New Zealand Equivalent to the IASB *Conceptual Framework for Financial Reporting*. NZ IAS 8 *Basis of Preparation of Financial Statements* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

Any New Zealand additional material is shown with either “NZ” or “RDR” preceding the paragraph number.

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# New Zealand Equivalent to International Accounting Standard 26

## *Accounting and Reporting by Retirement Benefit Plans (NZ IAS 26)*

### Scope

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#### **NZ 0.1 This Standard applies to Tier 1 and Tier 2 for-profit entities.**

1 This Standard shall be applied in the financial statements of retirement benefit plans where such financial statements are presented.

NZ 1.1–NZ 1.4 [Deleted]

NZ 1.5 Superannuation schemes that are approved as Schedule 3 Schemes under the Financial Markets Conduct Act 2013 where each member is able to obtain special purpose financial information that meets their needs are not required to comply with this Standard. Superannuation schemes using paragraph NZ 1.5 will not be able to assert compliance with International Financial Reporting Standards.

2 Retirement benefit plans are sometimes referred to by various other names, such as ‘pension schemes’, ‘superannuation schemes’ or ‘retirement benefit schemes’. This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. All other NZ IFRSs apply to the financial statements of retirement benefit plans to the extent that they are not superseded by this Standard.

3 This Standard deals with accounting and reporting by the plan to all participants as a group. It does not deal with reports to individual participants about their retirement benefit rights.

4 NZ IAS 19 *Employee Benefits* is concerned with the determination of the cost of retirement benefits in the financial statements of employers having plans. Hence this Standard complements NZ IAS 19.

5 Retirement benefit plans may be defined contribution plans or defined benefit plans. Many require the creation of separate funds, which may or may not have separate legal identity and may or may not have trustees, to which contributions are made and from which retirement benefits are paid. This Standard applies regardless of whether such a fund is created and regardless of whether there are trustees.

6 Retirement benefit plans with assets invested with insurance companies are subject to the same accounting and funding requirements as privately invested arrangements. Accordingly, they are within the scope of this Standard unless the contract with the insurance company is in the name of a specified participant or a group of participants and the retirement benefit obligation is solely the responsibility of the insurance company.

7 This Standard does not deal with other forms of employment benefits such as employment termination indemnities, deferred compensation arrangements, long-service leave benefits, special early retirement or redundancy plans, health and welfare plans or bonus plans. Government social security type arrangements are also excluded from the scope of this Standard.

### Definitions

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8 The following terms are used in this Standard with the meanings specified:

***Retirement benefit plans*** are arrangements whereby an entity provides benefits for its employees on or after termination of service (either in the form of an annual income or as a lump sum) when such benefits, or the employer’s contributions towards them, can be determined or estimated in advance of retirement from the provisions of a document or from the entity’s practices.

***Defined contribution plans*** are retirement benefit plans under which amounts to be paid as retirement benefits are determined by contributions to a fund together with investment earnings thereon.

***Defined benefit plans*** are retirement benefit plans under which amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees’ earnings and/or years of service.

***Funding*** is the transfer of assets to an entity (the *fund*) separate from the employer’s entity to meet future obligations for the payment of retirement benefits.

**For the purposes of this Standard the following terms are also used:**

***Participants* are the members of a retirement benefit plan and others who are entitled to benefits under the plan.**

***Net assets available for benefits* are the assets of a plan less liabilities other than the actuarial present value of promised retirement benefits.**

***Actuarial present value of promised retirement benefits* is the present value of the expected payments by a retirement benefit plan to existing and past employees, attributable to the service already rendered.**

***Vested benefits* are benefits, the rights to which, under the conditions of a retirement benefit plan, are not conditional on continued employment.**

- 9 Some retirement benefit plans have sponsors other than employers; this Standard also applies to the financial statements of such plans.
- 10 Most retirement benefit plans are based on formal agreements. Some plans are informal but have acquired a degree of obligation as a result of employers' established practices. While some plans permit employers to limit their obligations under the plans, it is usually difficult for an employer to cancel a plan if employees are to be retained. The same basis of accounting and reporting applies to an informal plan as to a formal plan.
- 11 Many retirement benefit plans provide for the establishment of separate funds into which contributions are made and out of which benefits are paid. Such funds may be administered by parties who act independently in managing fund assets. Those parties are called trustees in some countries. The term trustee is used in this Standard to describe such parties regardless of whether a trust has been formed.
- 12 Retirement benefit plans are normally described as either defined contribution plans or defined benefit plans, each having their own distinctive characteristics. Occasionally plans exist that contain characteristics of both. Such hybrid plans are considered to be defined benefit plans for the purposes of this Standard.

## **Defined contribution plans**

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- 13 **The financial statements of a defined contribution plan shall contain a statement of net assets available for benefits and a description of the funding policy.**
- 14 Under a defined contribution plan, the amount of a participant's future benefits is determined by the contributions paid by the employer, the participant, or both, and the operating efficiency and investment earnings of the fund. An employer's obligation is usually discharged by contributions to the fund. An actuary's advice is not normally required although such advice is sometimes used to estimate future benefits that may be achievable based on present contributions and varying levels of future contributions and investment earnings.
- 15 The participants are interested in the activities of the plan because they directly affect the level of their future benefits. Participants are interested in knowing whether contributions have been received and proper control has been exercised to protect the rights of beneficiaries. An employer is interested in the efficient and fair operation of the plan.
- 16 The objective of reporting by a defined contribution plan is periodically to provide information about the plan and the performance of its investments. That objective is usually achieved by providing a report including the following:
- (a) a description of significant activities for the period and the effect of any changes relating to the plan, and its membership and terms and conditions;
  - (b) statements reporting on the transactions and investment performance for the period and the financial position of the plan at the end of the period; and
  - (c) a description of the investment policies.

## **Defined benefit plans**

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- 17 **The financial statements of a defined benefit plan shall contain either:**
- (a) **a statement that shows:**
    - (i) **the net assets available for benefits;**
    - (ii) **the actuarial present value of promised retirement benefits, distinguishing between vested benefits and non-vested benefits; and**

- (iii) the resulting excess or deficit; or
- (b) a statement of net assets available for benefits including either:
  - (i) a note disclosing the actuarial present value of promised retirement benefits, distinguishing between vested benefits and non-vested benefits; or
  - (ii) [Paragraph 17(b)(ii) of IAS 26 is not reproduced in this Standard. NZ IAS 26 requires the actuarial present value of promised retirement benefits to be included either in the statement of net assets or in a note to that statement.]

If an actuarial valuation has not been prepared at the date of the financial statements, the most recent valuation should be used as a base and the date of the valuation disclosed.

18 For the purposes of paragraph 17, the actuarial present value of promised retirement benefits shall be based on the benefits promised under the terms of the plan on service rendered to date using either current salary levels or projected salary levels with disclosure of the basis used. The effect of any changes in actuarial assumptions that have had a significant effect on the actuarial present value of promised retirement benefits shall also be disclosed.

19 The financial statements shall explain the relationship between the actuarial present value of promised retirement benefits and the net assets available for benefits, and the policy for the funding of promised benefits.

20 Under a defined benefit plan, the payment of promised retirement benefits depends on the financial position of the plan and the ability of contributors to make future contributions to the plan as well as the investment performance and operating efficiency of the plan.

21 A defined benefit plan needs the periodic advice of an actuary to assess the financial condition of the plan, review the assumptions and recommend future contribution levels.

22 The objective of reporting by a defined benefit plan is periodically to provide information about the financial resources and activities of the plan that is useful in assessing the relationships between the accumulation of resources and plan benefits over time. This objective is usually achieved by providing financial statements including the following:

- (a) a description of significant activities for the period and the effect of any changes relating to the plan, and its membership and terms and conditions;
- (b) statements reporting on the transactions and investment performance for the period and the financial position of the plan at the end of the period;
- (c) actuarial information [Paragraph 22(c) amended to delete reference to the provision of actuarial information by way of a separate report. NZ IAS 26 requires actuarial information to be provided as part of the financial statements]; and
- (d) a description of the investment policies.

## Actuarial present value of promised retirement benefits

23 The present value of the expected payments by a retirement benefit plan may be calculated and reported using current salary levels or projected salary levels up to the time of retirement of participants.

24 The reasons given for adopting a current salary approach include:

- (a) the actuarial present value of promised retirement benefits, being the sum of the amounts presently attributable to each participant in the plan, can be calculated more objectively than with projected salary levels because it involves fewer assumptions;
- (b) increases in benefits attributable to a salary increase become an obligation of the plan at the time of the salary increase; and
- (c) the amount of the actuarial present value of promised retirement benefits using current salary levels is generally more closely related to the amount payable in the event of termination or discontinuance of the plan.

25 Reasons given for adopting a projected salary approach include:

- (a) financial information should be prepared on a going concern basis, irrespective of the assumptions and estimates that must be made;
- (b) under final pay plans, benefits are determined by reference to salaries at or near retirement date; hence salaries, contribution levels and rates of return must be projected; and

- (c) failure to incorporate salary projections, when most funding is based on salary projections, may result in the reporting of an apparent overfunding when the plan is not overfunded, or in reporting adequate funding when the plan is underfunded.

26 The actuarial present value of promised retirement benefits based on current salaries is disclosed in the financial statements of a plan to indicate the obligation for benefits earned to the date of the financial statements. The actuarial present value of promised retirement benefits based on projected salaries is disclosed to indicate the magnitude of the potential obligation on a going concern basis which is generally the basis for funding. In addition to disclosure of the actuarial present value of promised retirement benefits, sufficient explanation may need to be given so as to indicate clearly the context in which the actuarial present value of promised retirement benefits should be read. Such explanation may be in the form of information about the adequacy of the planned future funding and of the funding policy based on salary projections. [Paragraph 26 – final sentence deleted. NZ IAS 26 requires actuarial information to be provided as part of the financial statements].

## Frequency of actuarial valuations

27 In many countries, actuarial valuations are not obtained more frequently than every three years. If an actuarial valuation has not been prepared at the date of the financial statements, the most recent valuation is used as a base and the date of the valuation disclosed.<sup>1</sup>

## Financial statement content

28 For defined benefit plans, information is presented in one of the following formats which reflect different practices in the disclosure and presentation of actuarial information:

- (a) a statement is included in the financial statements that shows the net assets available for benefits, the actuarial present value of promised retirement benefits, and the resulting excess or deficit. The financial statements of the plan also contain statements of changes in net assets available for benefits and changes in the actuarial present value of promised retirement benefits. The financial statements may be accompanied by a separate actuary's report supporting the actuarial present value of promised retirement benefits; and
- (b) financial statements that include a statement of net assets available for benefits and a statement of changes in net assets available for benefits. The actuarial present value of promised retirement benefits is disclosed in a note to the statements. The financial statements may also be accompanied by a report from an actuary supporting the actuarial present value of promised retirement benefits.
- (c) [Paragraph 28(c) deleted. NZ IAS 26 requires actuarial information to be provided as part of the financial statements.]

In each format a trustees' report in the nature of a management or directors' report and an investment report may also accompany the financial statements.

29 Those in favour of the formats described in paragraphs 28(a) and 28(b) believe that the quantification of promised retirement benefits and other information provided under those approaches help users to assess the current status of the plan and the likelihood of the plan's obligations being met. They also believe that financial statements should be complete in themselves and not rely on accompanying statements. However, some believe that the format described in paragraph 28(a) could give the impression that a liability exists, whereas the actuarial present value of promised retirement benefits does not in their opinion have all the characteristics of a liability.

30–31 [Paragraphs 30 and 31 are not reproduced. NZ IAS 26 requires actuarial information to be provided as part of the financial statements.]

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<sup>1</sup> The Financial Markets Conduct Act 2013 contains requirements regarding the frequency of actuarial examinations of registered superannuation schemes.

## All plans

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### Valuation of plan assets

- 32 **Retirement benefit plan investments shall be carried at fair value. In the case of marketable securities fair value is market value. Where plan investments are held for which an estimate of fair value is not possible disclosure shall be made of the reason why fair value is not used.**
- 33 In the case of marketable securities fair value is usually market value because this is considered the most useful measure of the securities at the report date and of the investment performance for the period. Those securities that have a fixed redemption value and that have been acquired to match the obligations of the plan, or specific parts thereof, may be carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity. Where plan investments are held for which an estimate of fair value is not possible, such as total ownership of an entity, disclosure is made of the reason why fair value is not used. To the extent that investments are carried at amounts other than market value or fair value, fair value is generally also disclosed. Assets used in the operations of the fund are accounted for in accordance with the applicable Standards.

### Disclosure

- 34 The financial statements of a retirement benefit plan, whether defined benefit or defined contribution, shall also contain the following information:
- (a) a statement of changes in net assets available for benefits;
  - (b) material accounting policy information; and
  - (c) a description of the plan and the effect of any changes in the plan during the period.

### Statement of Cash Flows

**NZ 34.1 The financial statements of a retirement benefit plan, whether defined benefit or defined contribution, shall also contain a statement of cash flows.**

- 35 Financial statements provided by retirement benefit plans include the following, if applicable:
- (a) a statement of net assets available for benefits disclosing:
    - (i) assets at the end of the period suitably classified;
    - (ii) the basis of valuation of assets;
    - (iii) details of any single investment exceeding either 5% of the net assets available for benefits or 5% of any class or type of security;
    - (iv) details of any investment in the employer; and
    - (v) liabilities other than the actuarial present value of promised retirement benefits;
  - (b) a statement of changes in net assets available for benefits showing the following:
    - (i) employer contributions;
    - (ii) employee contributions;
    - (iii) investment income such as interest and dividends;
    - (iv) other income;
    - (v) benefits paid or payable (analysed, for example, as retirement, death and disability benefits, and lump sum payments);
    - (vi) administrative expenses;
    - (vii) other expenses;
    - (viii) taxes on income;
    - (ix) profits and losses on disposal of investments and changes in value of investments; and
    - (x) transfers from and to other plans;
  - (c) a description of the funding policy;

- (d) for defined benefit plans, the actuarial present value of promised retirement benefits (which may distinguish between vested benefits and non-vested benefits) based on the benefits promised under the terms of the plan, on service rendered to date and using either current salary levels or projected salary levels; [Paragraph 35(d) final clause is not reproduced. NZ IAS 26 requires actuarial information to be provided as part of the financial statements.] and
- (e) for defined benefit plans, a description of the significant actuarial assumptions made and the method used to calculate the actuarial present value of promised retirement benefits.

**Defined Contribution Plans – Statement of Net Assets**

NZ 35.1 In addition to the information required by paragraph 35, the statement of net assets of a defined contribution plan shall also disclose:

- (a) the liability for promised retirement benefits;
- (b) separately, the amount of promised retirement benefits allocated, when appropriate, to employees' accounts, employers' accounts and the amount of reserves; and
- (c) by way of note:
  - (i) details of any investment in a related party of the employer;
  - (ii) movements in the liability for promised retirement benefits and each of its components;
  - (iii) the trust deed's provisions and trustees' policies in respect of the use of reserves;
  - (iv) the value of vested benefits and the significant actuarial assumptions made and the method used to calculate the value of vested benefits;
  - (v) any benefits that have been guaranteed, the identity of the guarantor(s), the nature of the guarantee(s) and any changes from the corresponding preceding reporting period; and
  - (vi) any contributions receivable, disaggregated into those receivable from employers and those receivable from employees.

**Defined Contribution Plans – Statement of Changes in Net Assets**

NZ 35.2 In addition to the information required by paragraph 35, the statement of changes in net assets of a defined contribution plan shall also disclose:

- (a) expenses other than benefit outflows, showing separately:
  - (i) those directly related to investment activities;
  - (ii) total trustees' remuneration, whether direct or indirect, from the plan to all trustees for the financial period; and
  - (iii) insurance expense for death and disability cover; and
- (b) the amount of benefits accrued during the reporting period, measured as the difference between revenues and expenses.

**Defined Benefit Plans – Statement of Net Assets (paragraph 17(a))**

NZ 35.3 In addition to the information required by paragraph 35, the statement of net assets of a defined benefit plan that adopts the format in paragraph 17(a) shall also disclose by way of note:

- (a) details of any investment in a related party of the employer;
- (b) movements in the liability for promised retirement benefits;
- (c) the value of vested benefits and the significant actuarial assumptions made and the method used to calculate the value of vested benefits;
- (d) any benefits that have been guaranteed, the identity of the guarantor(s), the nature of the guarantee(s) and any changes from the corresponding preceding reporting period; and
- (e) any contributions receivable, disaggregated into those receivable from employers and those receivable from employees.

**Defined Benefit Plans – Statement of Changes in Net Assets (paragraph 17(a))**

NZ 35.4 In addition to the information required by paragraph 35, the statement of changes in net assets of a defined benefit plan that adopts the format in paragraph 17(a) shall also disclose:

- (a) expenses other than benefit outflows, showing separately:
  - (i) those directly related to investment activities;
  - (ii) total trustees' remuneration, whether direct or indirect, from the plan to all trustees for the financial period; and
  - (iii) insurance expense for death and disability cover;
- (b) the amount of benefits accrued during the reporting period;
- (c) the profit or loss measured as the difference between revenues and expenses; and
- (d) by way of note, the principal components of the change during the reporting period in the promised retirement benefits.

**Defined Benefit Plans – Statement of Net Assets (paragraph 17(b))**

NZ 35.5 In addition to the information required by paragraph 35, the statement of net assets of a defined benefit plan that adopts the format in paragraph 17(b) shall also disclose:

- (a) net assets available to pay the benefits; and
- (b) by way of note:
  - (i) details of any investment in a related party of the employer;
  - (ii) the date at which the actuarial value of promised retirement benefits were determined;
  - (iii) when promised retirement benefits have been measured during the reporting period, the benefits that have accrued since the last date at which the actuarial value of promised retirement benefits were determined;
  - (iv) the value of vested benefits and the significant actuarial assumptions made and the method used to calculate the value of vested benefits;
  - (v) any benefits that have been guaranteed, the identity of the guarantor(s), the nature of the guarantee(s) and any changes from the corresponding preceding reporting period; and
  - (vi) any contributions receivable, disaggregated into those receivable from employers and those receivable from employees.

**Defined Benefit Plans – Statement of Changes in Net Assets (paragraph 17(b))**

NZ 35.6 In addition to the information required by paragraph 35, the statement of changes in net assets of a defined benefit plan that adopts the format in paragraph 17(b) shall also disclose:

- (a) the amount of net assets available to pay benefits as at the beginning and end of the reporting period;
- (b) revenues, other than investment revenues and contribution inflows, showing separately proceeds from insurance policies;
- (c) expenses directly related to investment activities;
- (d) total trustees' remuneration, whether direct or indirect, from the plan to all trustees for the financial period;
- (e) insurance expense for death and disability cover; and
- (f) the increase (decrease) in net assets during the reporting period.

**All Plans – Valuation of Assets (paragraph 35(a)(ii))**

NZ 35.7 To the extent that a retirement benefit plan has not already disclosed the following information in complying with paragraph 35(a)(ii), it shall also disclose information that helps users of its financial statements assess both of the following:

- (a) for retirement benefit plan investments measured at fair value in the statement of net assets after initial recognition, the valuation techniques and inputs used to develop those measurements.
- (b) for fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on the statement of changes of net assets available for benefits for the period.

NZ 35.8 To meet the objectives in paragraph NZ 35.7, an entity shall consider all the following:

- (a) the level of detail necessary to satisfy the disclosure requirements;
- (b) how much emphasis to place on each of the various requirements;
- (c) how much aggregation or disaggregation to undertake; and
- (d) whether users of financial statements need additional information to evaluate the quantitative information disclosed.

If the disclosures provided in accordance with this Standard and other NZ IFRSs are insufficient to meet the objectives in paragraph NZ 35.7, an entity shall disclose additional information necessary to meet those objectives.

NZ 35.9 To meet the objectives in paragraph NZ 35.7, an entity shall disclose, at a minimum, the following information for each class of retirement benefit plan investments (see paragraph NZ 35.10 for information on determining appropriate classes of assets) measured at fair value (including measurements based on fair value within the scope of this Standard) in the statement of net assets after initial recognition:

- (a) the fair value measurement at the end of the reporting period.
- (b) the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety (Level 1, 2 or 3).
- (c) the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph NZ 35.11). Transfers into each level shall be disclosed and discussed separately from transfers out of each level.
- (d) for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (eg changing from a market approach to an income approach or the use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (eg when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.
- (e) for fair value measurements categorised within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:
  - (i) total gains or losses for the period recognised in the statement of changes in net assets available for benefits, and the line item(s) in the statement of changes in net assets available for benefits in which those gains or losses are recognised.
  - (ii) purchases, sales, issues and settlements (each of those types of changes disclosed separately).
  - (iii) the amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph NZ 35.11). Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.
- (f) for fair value measurements categorised within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (e)(i) that is attributable to the change in unrealised gains or losses relating to those retirement benefit plan investments held at the end of the reporting period, and the line item(s) in the statement of changes in net assets available for benefits in which those unrealised gains or losses are recognised.
- (g) for fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).
- (h) for fair value measurements categorised within Level 3 of the fair value hierarchy:
  - (i) for all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are

interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (d).

- (ii) for financial assets, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, an entity shall state that fact and disclose the effect of those changes. The entity shall disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated. For that purpose, significance shall be judged with respect to profit or loss, or total assets.
- (i) if the highest and best use of a non-financial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

NZ 35.10 An entity shall determine appropriate classes of retirement benefit plan investments on the basis of the following:

- (a) the nature, characteristics and risks of the retirement benefit plan investment; and
- (b) the level of the fair value hierarchy within which the fair value measurement is categorised.

The number of classes may need to be greater for fair value measurements categorised within Level 3 of the fair value hierarchy because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of retirement benefit plan investments for which disclosures about fair value measurements should be provided requires judgement. A class of retirement benefit plan investments will often require greater disaggregation than the line items presented in the statement of net assets. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of net assets. If another NZ IFRS specifies the class for a retirement benefit plan investment, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.

NZ 35.11 An entity shall disclose and consistently follow its policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred in accordance with paragraph NZ 35.9(c) and (e)(iii). The policy about the timing of recognising transfers shall be the same for transfers into the levels as for transfers out of the levels. Examples of policies for determining the timing of transfers include the following:

- (a) the date of the event or change in circumstances that caused the transfer;
- (b) the beginning of the reporting period; and
- (c) the end of the reporting period.

NZ 35.12 For each class of retirement benefit plan investments not measured at fair value in the statement of net assets but for which the fair value is disclosed, an entity shall disclose the information required by paragraph NZ 35.9(b), (d) and (i). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorised within Level 3 of the fair value hierarchy required by paragraph NZ 35.9(d). For such investments, an entity does not need to provide the other disclosures required by this Standard.

NZ 35.13 An entity shall present the quantitative disclosures required by this Standard in a tabular format unless another format is more appropriate.

36 The report of a retirement benefit plan contains a description of the plan, either as part of the financial statements or in a separate report. It may contain the following:

- (a) the names of the employers and the employee groups covered;
- (b) the number of participants receiving benefits and the number of other participants, classified as appropriate;
- (c) the type of plan – defined contribution or defined benefit;
- (d) a note as to whether participants contribute to the plan;
- (e) a description of the retirement benefits promised to participants;
- (f) a description of any plan termination terms; and
- (g) changes in items (a) to (f) during the period covered by the report.

It is not uncommon to refer to other documents that are readily available to users and in which the plan is described, and to include only information on subsequent changes in the report.

### Defined Benefit Plans – Summary of Actuarial Report

- NZ 36.1 In addition to the information required by paragraph 36, the financial statements of a defined benefit plan shall also have appended to them or shall include by a way of note, a summary of the most recent actuarial report prepared for the plan in accordance with the requirements of the Financial Markets Conduct Act 2013, or an equivalent report for unregistered plans. That summary shall include:
- (a) the effective date of the actuarial report;
  - (b) the name and qualifications of the actuary;
  - (c) significant actuarial assumptions;
  - (d) the relationship between the actuarial present value of promised retirement benefits and the actuarial value of the assets and how that relationship is expected to change over the period until the next actuarial investigation if the assumptions used to calculate the actuarial present value of promised retirement benefits are borne out in practice;
  - (e) the relationship between the actuarial present value of vested benefits with the fair value of the assets and how that relationship is expected to change by the date of the next actuarial investigation, if the assumptions used to calculate the actuarial value of the promised retirement benefits are borne out in practice;
  - (f) if the actuarial value of the assets differs from the net assets shown under paragraph 35, an explanation of the difference;
  - (g) the opinion of the actuary, if any, as to the financial condition of the plan at the valuation date. Where the actuary does not express an opinion as to the financial condition of the plan, that fact shall be disclosed; and
  - (h) the actuary's recommendation of the level of future contributions.

### Effective date

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- 37 This Standard becomes operative for an entity's financial statements that cover annual accounting periods beginning on or after 1 January 2007. Early adoption of this Standard is permitted only when an entity complies with NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* for an annual accounting period beginning on or after 1 January 2005.
- NZ 37.1 *Amendments to NZ IAS 26* issued in September 2010 reinstated paragraph 1 of IAS 26 and deleted paragraphs NZ 1.1 to NZ 1.4, NZ 8.1, NZ 13.1, NZ 17.1, NZ 17.2 and NZ 27.1. An entity shall apply those amendments for annual periods beginning on or after 1 April 2011. Earlier application is permitted. If an entity applies the amendments for an earlier period, it shall disclose that fact.
- NZ 37.2 *Framework: Tier 1 and Tier 2 For-profit Entities*, issued in November 2012, amended extant NZ IFRSs by deleting any public benefit entity paragraphs, deleting any differential reporting concessions, adding scope paragraphs for Tier 1 and Tier 2 for-profit entities and adding disclosure concessions for Tier 2 entities. It made no changes to the requirements for Tier 1 entities. A Tier 2 entity may elect to apply the disclosure concessions for annual periods beginning on or after 1 December 2012. Early application is permitted.
- NZ 37.3 *Fair Value Disclosures by Retirement Benefit Plans* (Amendments to NZ IAS 26), issued in September 2014, added paragraphs NZ 35.7 to NZ 35.13. An entity shall apply those amendments for annual periods beginning on or after 1 January 2015. Earlier application is permitted. If an entity applies the amendments for an earlier period, it shall disclose that fact.
- 38 *Disclosure of Accounting Policies*, which amends NZ IAS 1 *Presentation of Financial Statements* and was issued in March 2021, amended paragraph 34. An entity shall apply that amendment for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.<sup>2</sup>

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<sup>2</sup> In May 2024 the New Zealand Accounting Standards Board of the External Reporting Board issued NZ IFRS 18 *Presentation and Disclosure in Financial Statements* and carried over the requirements to disclose material accounting policy information in NZ IAS 1 *Presentation of Financial Statements* to NZ IAS 8 *Basis of Preparation of Financial Statements*.

## FRSB Basis for Conclusions on New Zealand specific paragraphs in NZ IAS 26

*This Basis for Conclusions accompanies, but is not part of, NZ IAS 26.*

### Introduction

NZBC1 This Basis for Conclusions summarises the Financial Reporting Standards Board's (FRSB's) considerations in amending NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans* in 2010. Individual Board members gave greater weight to some factors than to others.

### Background

NZBC2 The initial development of New Zealand equivalents to International Financial Reporting Standards<sup>3</sup> (NZ IFRSs) occurred following the Accounting Standard Review Board's (ASRB) 2002 decision that New Zealand entities would be required to apply International Financial Reporting Standards (IFRSs)<sup>4</sup> for periods commencing on or after 1 January 2007, with an option to adopt for periods commencing on or after 1 January 2005. Following that decision, and in accordance with guidelines established by the ASRB, the FRSB developed NZ IFRSs to enable the standards to fit within New Zealand's jurisdictional framework and meet the needs of the wide range of entities required to apply the standards in New Zealand.

NZBC3 The guidelines in ASRB Release 8 *The Role of the Accounting Standards Review Board and the Nature of Approved Financial Reporting Standards* (2004) permitted limited changes to the requirements of IFRSs. In respect of profit-oriented entities the guidelines were intended to ensure that financial statements prepared in accordance with NZ IFRSs would also comply with IFRSs. This was to enable profit-oriented entities reporting in accordance with NZ IFRSs to be able to make an explicit and unreserved statement of compliance with IFRSs, as per NZ IAS 1 *Presentation of Financial Statements*, paragraph 16<sup>5</sup>.

NZBC4 NZ IAS 26 was one of the initial NZ IFRSs approved in 2004. In developing NZ IAS 26 (2004) the FRSB took a different approach to the adoption of IFRSs than with most other standards. A number of changes were made in order to incorporate the requirements of the previous domestic standard, Financial Reporting Standard No. 32 *Financial Reporting by Superannuation Schemes* (FRS-32). A key reason for adopting this approach was the concern of the Government Actuary that adoption of the unamended requirements of IAS 26 would lead to the dilution of the current reporting requirements for superannuation schemes. The FRSB noted that the Government Actuary relied upon the disclosures in financial reports and acknowledged that comprehensive disclosures in financial reports are an essential aspect of New Zealand's regulatory regime for superannuation schemes. The main changes made to the requirements of IAS 26 were to clarify the scope of NZ IAS 26 in the New Zealand context and to align the presentation and disclosure requirements of NZ IAS 26 with the requirements of FRS-32, whilst retaining the requirements of IAS 26. These changes were considered necessary because of potential ambiguity regarding the scope of IAS 26, the range of presentation options permitted by IAS 26 and the gaps in the disclosures required by IAS 26 compared to those required by FRS-32.

NZBC5 The FRSB acknowledged that the approach taken in developing NZ IAS 26 in 2004 differed from the general approach to the development of NZ IFRSs. In justifying this different approach to the initial development of NZ IAS 26, the FRSB noted that:

- the changes were a direct result of consultation with constituents;
- New Zealand superannuation schemes were not considered to be generally sourcing capital from international capital markets – therefore the main users of the financial statements of superannuation schemes were assumed to be local users;
- the changes to the scope of IAS 26 were intended to clarify that the public retail schemes in New Zealand were required to comply with the requirements of NZ IAS 26; and
- the Australian Accounting Standards Board (AASB) elected not to adopt IAS 26. Rather the AASB

<sup>3</sup> When it issued NZ IFRS 18 *Presentation and Disclosure in Financial Statements* in May 2024, the New Zealand Accounting Standards Board of the External Reporting Board changed the collective name for this suite of accounting standards to 'New Zealand equivalents to IFRS Accounting Standards', as a result of the IASB's IFRS 18 *Presentation and Disclosure in Financial Statements* consequential amendments to other standards.

<sup>4</sup> When it issued NZ IFRS 18, the New Zealand Accounting Standards Board of the External Reporting Board changed the collective name for this suite of accounting standards to 'IFRS Accounting Standards', in line with the IASB's changes to IFRS 18.

<sup>5</sup> When it issued NZ IFRS 18, the New Zealand Accounting Standards Board of the External Reporting Board carried over the requirement in paragraph 16 of NZ IAS 1 to paragraph 6B of NZ IAS 8.

retained its existing domestic standard, AAS 25 *Financial Reporting by Superannuation Plans*. The requirements of AAS 25 were consistent with those of IAS 26 except that IAS 26 allowed changes in net market values to be recognised as an item of revenue only in certain specified circumstances. The FRSB considered taking a similar approach and retaining FRS-32 as a domestic standard but considered that this approach would be inconsistent with its obligations under ASRB Release 8 to ensure that profit-oriented entities reporting in accordance with NZ IFRSs could assert compliance with IFRSs.

- NZBC6 Subsequent to the issue of NZ IAS 26 in 2004 changes in the domestic and financial reporting environment and comments from constituents prompted a review of the New Zealand specific modifications to IAS 26. These factors included:
- a greater variety of entities required, through legislation and the scope of NZ IAS 26, to comply with NZ IAS 26; and
  - the view of some entities that fell within the scope of NZ IAS 26 that they were not retirement benefit plans within the scope of IAS 26 and the implications of this for asserting compliance with IFRSs. The correct determination of whether a profit-oriented entity should apply NZ IAS 26 is critical as NZ IAS 26 contains presentation and measurement requirements that differ from other NZ IFRSs.
- NZBC7 International developments during the period 2004-2009 included the AASB's review of AAS 25 which led to the issue of ED 179 *Superannuation Plans and Approved Deposit Funds* (May 2009) and the decision of the Canadian Institute of Chartered Accountants (CICA) that, from 1 January 2011, publicly accountable profit-oriented enterprises in Canada would follow IFRSs, but not IAS 26.
- NZBC8 In 2009 the FRSB commenced a limited scope review of the New Zealand specific modifications to the requirements of IAS 26 to identify potential inconsistencies between NZ IAS 26 and IAS 26 that could impact on a profit-oriented entity's ability to assert compliance with IFRSs. The project encompassed a review of the New Zealand specific requirements other than the additional disclosures set out in paragraphs NZ 35.1 to NZ 35.5 and NZ 36.1. Given the importance of these additional disclosures within New Zealand's regulatory regime and the fact that those additional disclosures supplement but do not depart from the requirements of IAS 26, the FRSB considered it appropriate to retain these paragraphs without modification. In reviewing the New Zealand specific modifications the FRSB had regard to ASRB Release 8 (revised 2009) and its obligation to ensure that profit-oriented entities can assert compliance with IFRSs, including IAS 26. These proposals were set out in ED 120 Proposed Amendments to NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans* (January 2010).
- NZBC9 In deciding to conduct this limited review of NZ IAS 26 the FRSB noted that, over an extended period, it had consulted with the Government Actuary and other constituents reporting in accordance with NZ IAS 26. These discussions had highlighted the desire of the Government Actuary for consistent reporting by all registered superannuation schemes and preparers' concerns regarding potential conflicts between the scope of NZ IAS 26 and IAS 26 and the fact that similar entities (such as retail superannuation schemes and retail unit trusts) are currently subject to different reporting requirements. The FRSB considered that, having regard to the requirements of ASRB Release 8, its proposed amendments to NZ IAS 26 represented the best short-term solution to the potential conflicts between NZ IAS 26 and IAS 26.
- NZBC10 However, the FRSB also acknowledged that financial reporting by superannuation schemes is an extremely important issue in the New Zealand context and that a broader review of the appropriateness of current financial reporting requirements would be desirable. The FRSB noted that it operates in accordance with ASRB Release 8 and, for profit-oriented entities, is unable to propose recognition, measurement or presentation requirements that would conflict with IFRSs. The FRSB expressed the view that any proposals to substantively change the financial reporting requirements for superannuation schemes should be considered as part of a comprehensive review of superannuation schemes and similar entities. If New Zealand's regulatory reporting framework were changed to allow for the possibility of a domestic or trans-Tasman standard for superannuation schemes, it would be appropriate to consider the financial reporting requirements for similar entities in Australia.
- NZBC11 The changes made to NZ IAS 26 in 2010 are summarised below.

### Scope

- NZBC12 In NZ IAS 26 (2004) the FRSB attempted to clarify the scope of the Standard in the New Zealand context by inserting New Zealand specific scope paragraphs which described in some detail the types of entities required to comply with the Standard. This was considered appropriate at that time because of an apparent conflict between the definition of retirement benefits which refers to an enterprise providing benefits for employees and paragraph 9 which states that "Some retirement benefit plans have sponsors other than employers; this Standard also applies to the reports of such plans." The FRSB considered that the New Zealand specific scope paragraphs would remove any confusion generated by the mismatch in terminology between the definition of retirement benefit plans and paragraph 9.

NZBC13 Following the mandatory application of NZ IFRSs by certain entities in 2007, the FRSB became aware of concerns that the New Zealand specific paragraphs in NZ IAS 26 could require some entities to comply with NZ IAS 26 when they would not otherwise be required to comply with IAS 26. The FRSB considers that such circumstances would be rare. However, the FRSB acknowledges that many entities applying NZ IAS 26 have classified themselves as profit-oriented entities and, in accordance with ASRB Release 8 (revised 2009), should be able to assert compliance with both NZ IFRSs and IFRSs.

NZBC14 The FRSB therefore decided that the scope of NZ IAS 26 should be aligned with the scope of IAS 26. In deciding whether they are required to comply with NZ IAS 26 entities would need to form an opinion on the application of the definition of retirement benefit plans and the implications of paragraph 9.

NZBC15 The FRSB considered that there should continue to be an exemption to the scope of NZ IAS 26 for superannuation schemes that are not issuers as defined by section 4 of the Financial Reporting Act 1993 and with membership at the end of the reporting period consisting of one person, or two persons where each member is able to obtain special purpose financial information that meets their needs (refer paragraph NZ 1.5). The FRSB considered that ultimately the costs and benefits of imposing general purpose financial reporting requirements on such entities should be a matter for the relevant regulators. However, in the interests of maintaining the status quo for these entities the FRSB decided to retain this exemption.

### Definitions

NZBC16 The FRSB decided to delete paragraph NZ 8.1 which defined the terms ‘promised retirement benefits’ and ‘sponsor’. The FRSB considered that because these definitions provide guidance that is not in IAS 26, they could be regarded as an interpretation of the requirements of IAS 26. In accordance with the IASB’s *Statement of Best Practice: Working Relationships between the IASB and other Accounting Standard-Setters* (2006) the FRSB avoids providing guidance that could be regarded as interpreting the requirements of IFRSs.

### Statement of net assets

NZBC17 NZ IAS 26 (2004) paragraph NZ 13.1 permitted a defined contribution plan to present the information required in a statement of net assets available for benefits in a statement of financial position. Paragraph NZ 17.2 permitted defined benefit plans to do the same. The FRSB acknowledged that many entities could possibly comply with all the presentation requirements of IAS 26 within a statement of financial position. However, the FRSB considered that there was the potential for conflict between the requirements of IAS 26 and the requirements of IAS 1<sup>6</sup> regarding the disclosure of equity. The FRSB therefore decided to delete paragraphs NZ 13.1 and NZ 17.2.

### Statement of cash flows

NZBC18 Paragraph NZ 34.1 requires the presentation of a statement of cash flows. This paragraph was initially included in NZ IAS 26 to avoid doubt as to whether or not an entity applying NZ IAS 26 is also required to present a statement of cash flows in accordance with NZ IAS 7 *Statement of Cash Flows*. Although IAS 26 specifies the statements that are required to be produced by retirement benefit plans, it does not specifically refer to a statement of cash flows. However, paragraph 2 states that “All other Standards apply to the financial statements of retirement benefit plans to the extent that they are not superseded by this Standard.” and there is no indication elsewhere in the Standard that the statements required by the Standard are the only statements required to be presented. Because NZ IAS 26 does not specifically override the requirements of NZ IAS 7, it could be argued that retirement benefit plans are required to present a statement of cash flows.

NZBC19 The FRSB reviewed the appropriateness of paragraph NZ 34.1 and agreed that it was still useful for the avoidance of doubt. The FRSB therefore agreed to retain paragraph NZ 34.1.

### Reporting the actuarial present value of promised retirement benefits – Defined benefit plans

NZBC20 IAS 26 permits the actuarial present value of promised retirement benefits of defined benefit plans to be reported in three ways:

- in the statement of net assets (paragraph 17(a));
- in a note to the statement of net assets (paragraph 17(b)(i)); or
- in an accompanying actuarial report (paragraph 17(b)(ii)).

NZBC21 NZ IAS 26 (2004) omitted the option in paragraph 17(b)(ii). The FRSB reviewed whether the removal of this option was appropriate and decided that the option in paragraph 17(b)(ii) should continue to be omitted from NZ IAS 26. IAS 26 does not specify that an “accompanying actuarial report” must always be made available to users of financial statements. The FRSB considered that the omission of paragraph 17(b)(ii) represents the

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<sup>6</sup> IFRS 18 supersedes IAS 1 from 1 January 2027.

limitation of an alternative permissible treatment within an IFRS, as permitted by ASRB Release 8 (revised 2009), paragraph 25(f).

NZBC22 NZ IAS 26 (2004) paragraph NZ 17.1 restricted the use of the option in paragraph 17(a) to those plans that had an actuarial valuation at the end of the reporting period. In reviewing the appropriateness of this paragraph the FRSB noted that it is possible to argue that this modification represented the limitation of an alternative permissible treatment within an IFRS (as permitted by ASRB Release 8 (revised 2009)). However, the FRSB also noted that the inclusion of an item in the amounts recognised in a financial statement, as opposed to disclosure of that item in the notes, is a recognition issue and that ASRB Release 8 (revised 2009) does not permit the modification of recognition requirements in an IFRS in respect of profit-oriented entities. The FRSB noted that this is an uncommon issue as IFRSs generally provide guidance on the criteria for recognition of assets and liabilities. On balance, the FRSB agreed that retirement benefit plans applying NZ IAS 26 should be able to exercise the option provided in IAS 26 paragraph 17(a) without limitation on the date of the most recent actuarial valuation. The FRSB therefore decided to delete paragraph NZ 17.1.

### **Frequency of actuarial valuations**

NZBC23 IAS 26 does not mandate the frequency with which actuarial valuations must be conducted. It does acknowledge, in paragraph 27, that requirements between countries differ. NZ IAS 26 (2004) included additional commentary, in paragraph NZ 27.1, on legislative requirements in New Zealand and encouraged more frequent valuations than specified by legislation in certain circumstances.

NZBC24 Although paragraph NZ 27.1 was consistent with the guidelines in ASRB Release 8 (revised 2009) in that it did not modify the measurement requirements in IAS 26, the main purpose of the paragraph was to alert readers to the existence of relevant legislative requirements. The FRSB therefore decided to replace paragraph NZ 27.1 with a footnote to paragraph 27 which refers readers to the relevant legislation.

### **Additional disclosures**

NZBC25 NZ IAS 26 (2004) contained a number of disclosures additional to those required by IAS 26. As noted above, these additional disclosures were intended to ensure that the disclosures required by NZ IAS 26 were broadly consistent with those previously required by FRS-32 *Financial Reporting by Superannuation Schemes*. The FRSB noted that the original reasons for including these disclosures are still relevant and that ASRB Release 8 (revised 2009) permits the introduction of additional disclosure requirements for all entities. The FRSB considered that any review of the New Zealand specific disclosures in NZ IAS 26 should be within the context of a comprehensive review of regulatory and financial reporting requirements for superannuation schemes. The FRSB therefore decided that these disclosures should be outside the scope of the current project. Amendments to these paragraphs were limited to aligning the requirements with the remainder of the Standard.

## NZASB Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, NZ IAS 26.*

### Introduction

- BC1 This Basis for Conclusions summarises the matters the New Zealand Accounting Standards Board (NZASB) considered in amending NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans* in 2014. Individual Board members gave greater weight to some factors than to others.
- BC2 In 2014 the NZASB amended NZ IAS 26 by adding New Zealand specific disclosure requirements about applying the fair value hierarchy to retirement benefit plan investments measured at fair value.
- BC3 Prior to the development of NZ IFRS 13 *Fair Value Measurement*, paragraphs 27 to 27B of NZ IFRS 7 *Financial Instruments: Disclosures* required disclosures about applying the fair value hierarchy and, along with other reporting entities, retirement benefit plans applied those requirements. When NZ IFRS 13 was issued, consequential amendments to NZ IFRS 7 removed paragraphs 27 to 27B from that Standard, as these disclosures were superseded by disclosure requirements in NZ IFRS 13. However, the scope of NZ IFRS 13 specifically excludes retirement benefit plan investments measured at fair value in accordance with NZ IAS 26 from the disclosure requirements of NZ IFRS 13.
- BC4 The relocation of these disclosure requirements to NZ IFRS 13 together with the scope exclusion in NZ IFRS 13 created ambiguity about the level of detail that retirement benefit plans should disclose in respect of the application of the fair value hierarchy to retirement benefit plan investments.
- BC5 The NZASB considered that disclosures about the application of the fair value hierarchy to retirement benefit plan investments provide relevant information to users and should continue to be required. Therefore, the NZASB included additional New Zealand specific disclosure requirements in NZ IAS 26, based on the disclosure requirements in NZ IFRS 13.

### Development of additional disclosures

- BC6 In developing the additional fair value disclosures in NZ IAS 26 the NZASB made some changes to the NZ IFRS 13 disclosures on which these requirements were based. These changes included:
- limiting the additional disclosures to retirement benefit plan investments measured at fair value in accordance with NZ IAS 26 as it is only those investments that are excluded from the scope of NZ IFRS 13. Assets and liabilities of retirement benefit plans other than retirement benefit plan investments are not excluded from the scope of NZ IFRS 13;
  - referring to the specific financial statements presented by retirement benefit plans (for example, statement of changes in net assets available for benefits);
  - not requiring a distinction between recurring and non-recurring measurements, nor the reason for making such a distinction;
  - not requiring disclosure of whether a retirement benefit plan has made use of the exception in NZ IFRS 13 paragraph 48. That exception permits an entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (ie an asset) for a particular risk exposure or paid to transfer a net short position (ie a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions; and
  - not requiring disclosure of the existence of an inseparable third party credit enhancement issued with a liability measured at fair value and information about that credit enhancement (as required by NZ IFRS 13 paragraph 98).

### RDR concessions

- BC7 The NZASB noted that although NZ IFRS 13 includes RDR disclosure concessions for entities that qualify for and elect to apply Tier 2 for-profit accounting standards, NZ IAS 26 does not. The NZASB decided that there should be no RDR disclosure concessions in respect of the additional disclosures being added to NZ IAS 26 because of the nature of retirement benefit plans, the significance of retirement benefit plan investments and the importance of information about how the fair value of investments has been determined.

## Australian requirements

BC8 AASB 1056 *Superannuation Entities* is an Australian specific standard which specifies the reporting requirements for superannuation entities in Australia. The NZASB noted that although Australia and New Zealand have taken different approaches to establishing requirements for retirement benefit plans, AASB 1056 requires that in determining fair value measurements, a superannuation entity applies the relevant principles and requirements in a number of other applicable Australian Accounting Standards, including AASB 13 *Fair Value Measurement*.

## HISTORY OF AMENDMENTS

### Table of Pronouncements – NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans*

This table lists the pronouncements establishing and amending NZ IAS 26. The table is based on amendments approved as at 31 January 2026.

<b>Pronouncements</b>	<b>Date issued</b>	<b>Early operative date</b>	<b>Mandatory date (annual reporting periods... on or after ...)</b>
NZ IAS 26 <i>Accounting and Reporting by Retirement Benefit Plans</i>	Nov 2004	1 Jan 2005	1 Jan 2007
NZ IAS 1 <i>Presentation of Financial Statements</i> (revised 2007) <sup>7</sup>	Nov 2007	Early application permitted	1 Jan 2009
Amendments to NZ IAS 26 <i>Accounting and Reporting by Retirement Benefit Plans</i>	Sept 2010	Early application permitted	1 Apr 2011
<i>Framework: Tier 1 and Tier 2 For-profit Entities</i> <sup>8</sup>	Nov 2012	Early application permitted	1 Dec 2012
<i>Fair Value Disclosures by Retirement Benefit Plans</i> (Amendments to NZ IAS 26)	Sept 2014	Early application permitted	1 Jan 2015
<i>2017 Omnibus Amendments to NZ IFRS</i> (editorial corrections only)	Nov 2017	Early application permitted	1 Jan 2018
<i>2019 Omnibus Amendments to NZ IFRS</i> (editorial corrections only)	Sept 2019	Early application permitted	1 Jan 2020
<i>Disclosure of Accounting Policies</i>	Mar 2021	Early application permitted	1 Jan 2023
NZ IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	May 2024	Early application permitted	1 Jan 2027

<sup>7</sup> Superseded by NZ IFRS 18 *Presentation and Disclosure in Financial Statements*.

<sup>8</sup> This pronouncement amended extant NZ IFRSs by (i) deleting any public benefit entity paragraphs, (ii) deleting any differential reporting paragraphs, (iii) adding scope paragraphs for Tier 1 and Tier 2 for-profit entities, and (iv) adding RDR disclosure concessions.

<b>Table of Amended Paragraphs in NZ IAS 26</b>		
<b>Paragraph affected</b>	<b>How affected</b>	<b>By ... [date]</b>
Paragraph 1	Amended	Amendments to NZ IAS 26 [Sept 2010]
Paragraphs NZ 1.1 to NZ 1.4	Deleted	Amendments to NZ IAS 26 [Sept 2010]
Paragraph NZ 1.6	Deleted	Amendments to NZ IAS 26 [Sept 2010]
Paragraph NZ 8.1	Deleted	Amendments to NZ IAS 26 [Sept 2010]
Paragraph NZ 13.1	Deleted	Amendments to NZ IAS 26 [Sept 2010]
Paragraphs NZ 17.1 and NZ 17.2	Deleted	Amendments to NZ IAS 26 [Sept 2010]
Paragraph 27	Amended	Amendments to NZ IAS 26 [Sept 2010]
Paragraph NZ 27.1	Deleted	Amendments to NZ IAS 26 [Sept 2010]
Paragraph 34	Amended	<i>Disclosure of Accounting Policies</i> [Mar 2021]
Paragraphs NZ 35.7 to NZ 35.13 and preceding heading	Added	<i>Fair Value Disclosures by Retirement Benefit Plans</i> [Sept 2014]
Paragraph NZ 37.1	Added	Amendments to NZ IAS 26 [Sept 2010]
Paragraph NZ 37.2	Added	<i>Framework: Tier 1 and Tier 2 For-profit Entities</i> [Nov 2012]
Paragraph NZ 37.3	Added	<i>Fair Value Disclosures by Retirement Benefit Plans</i> [Sept 2014]
Paragraph 38	Added	<i>Disclosure of Accounting Policies</i> [Mar 2021]
Paragraph 38 (footnote added)	Amended	NZ IFRS 18 [May 2024]