

# NZ IFRS 18: IASB insights on a new era of financial reporting – What we heard from the discussion

## Preparing for NZ IFRS 18 today will help to improve your financial reporting tomorrow

In May 2026, Dr Andreas Barckow, Chair of the International Accounting Standards Board (IASB), visited New Zealand. He shared the IASB's views on [NZ IFRS 18 Presentation and Disclosure in Financial Statements](#) and why it matters to for-profit entities. The discussions covered the likely impact of the standard, key practical issues, and how entities are preparing for the mandatory date of **1 January 2027**. The main points are summarised below.



### Watch out for these practical challenges

- **While NZ IFRS 18 is a presentation and disclosure standard, it can still change perceived performance** – Interest expense moving from operating cash flows to financing can shift users' views on performance even though underlying operations do not change. Entities should consider internal key performance indicators, investor presentations, bank covenants, and narrative implications.
- **Management-defined performance measures (MPMs) are subject to audit** – Entities should discuss the composition and rationale of MPMs with auditors early (and expect questions on which MPMs are used and their reconciliations). Entities should also consider developing documented policies, which are consistently applied year-on-year, to help align expectations.
- **Comparatives and retrospective application may cause pressure for those not prepared** – If the required information is not being captured now, then reporting in the first year of NZ IFRS 18 adoption may be challenging. Entities will need to consider building the historical mapping, controls, and the audit trail to support comparative balances and movements.
- **Using professional judgement and a user focused materiality assessment will help entities apply NZ IFRS 18 effectively** – Comparability does not mean uniformity, and judgement is important. Areas such as categorising foreign exchange (FX) movements and determining “specified main business activities” can have different conclusions across entities, even those in the same industry.
- **Entities that are part of a group may have additional complexity** – The same income/expense item can land in different categories at subsidiary level compared to the consolidated level, depending upon activities.

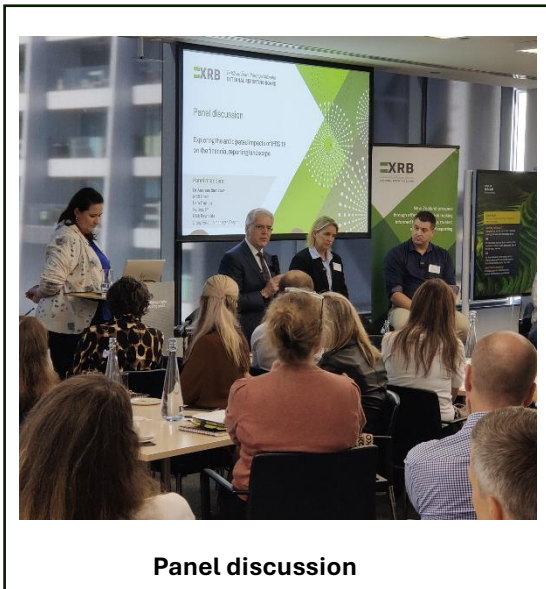


Dr Andreas Barckow IASB Chair

The following recordings from the event are available on the [NZ IFRS 18 webpage](#):

- [Dr Barckow's presentation \(and slides\)](#)
- [Panel discussion on NZ IFRS 18](#)

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Panel discussion

Find guidance and supporting material on NZ IFRS 18 on the XRB [website](#)



## Consider these actions that other entities are taking to prepare for NZ IFRS 18

- **Setting accounting policy positions early** – Entities can decide upon, approve and document certain policy positions now, so that they can be applied consistently year-on-year. Examples include the approach to categorising FX and derivative movements, aggregation/disaggregation of information across the financial statements, and the treatment of “underlying” and “except for” items for MPMs.
- **Starting the comparatives build now** – Identifying gaps in current data capture and mapping the prior-period line items to the new categories can help ensure the transition and potential data pain-points are identified and addressed early.
- **Engaging with auditors and governance early** – Early discussions with governance and auditors can help to converge on judgement areas and reduce late-stage surprises. Changes due to NZ IFRS 18 will be new for all stakeholders and going on this journey together will help ensure key judgements and expectations are aligned.
- **Planning investor communications** – Entities can develop and align internal and external communications with the NZ IFRS 18 mindset, which will help to avoid inconsistencies. Tailoring the timing and messaging for different investor groups will help ensure they are clear on what will be changing in the entity’s financial statements and where they can find the information they need.
- **Bringing in non-finance stakeholders** – Informing non-finance stakeholders about NZ IFRS 18, such as Treasury staff (who monitor covenants/ratios), HR (who monitor senior staff performance incentives) and business unit leaders (who drive FX transactions and segment views), will help to manage flow-on impacts.



NZ IFRS 18 provides entities with an opportunity to enhance the quality of their financial reporting. Entities should not miss this valuable opportunity to consider how they communicate financial information to the market and how they can improve the information which is reported in the financial statements for their users.