

This secondary legislation is administered by the External Reporting Board.

For more information please see:

Website: www.xrb.govt.nz

Contact phone: +64 4 550 2030

Contact address: Level 6/154 Featherston St, Wellington, 6011

This standard was published in the *Gazette* on 19 June 2026 and takes effect on 17 July 2026. There is an [explanatory note](#) at the end of this standard that includes an explanation of how and from when this standard operates

2025 Amendments to XRB A1 *Application of the Accounting Standards Framework*

This standard is issued under section 12(a) of the [Financial Reporting Act 2013](#) by the External Reporting Board after complying with section 22 of that Act.

CONTENTS

	From page
Title	1
Commencement	1
Principal standards	1
How amendments made	1
Application	2
Amendments to XRB A1 <i>Application of the Accounting Standards Framework</i>	3

Title

0.1 This standard is the 2025 Amendments to XRB A1 *Application of the Accounting Standards Framework*.

Commencement

0.2 This standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019 (see section 27 of the Financial Reporting Act 2013).

Principal standards

0.3 This standard amends the following principal standards:

- External Reporting Board Standard A1 *Application of the Accounting Standards Framework (XRB A1)*

How amendments are made

0.4 In this standard, text in the principal standard is deleted or inserted as follows:

- (a) text that is shown as ~~struck-out~~ is deleted from the stated provision of the principal standard
- (b) text that is shown as underlined is inserted into the provision, or is inserted as a new provision, of the principal standard

Any other text included in this standard is only for the purposes of identifying these amendments within the principal standards.

Application

0.5 The accounting periods in relation to which this standard commences to apply are:

- (a) For an **early adopter**, those accounting periods, following and including, the **early adoption accounting period**.
- (b) For any other reporting entity, those accounting periods following, and including, the first accounting period that begins on or after the **mandatory date**.

0.6 In paragraph 0.5:

Early adopter means a reporting entity that applies this standard for an early adoption accounting period.

Early adoption accounting period means the accounting period of the early adopter:

- (a) That begins before the mandatory date but has not ended or does not end before this standard takes effect (and to avoid doubt, that period may have begun before this standard takes effect); and
- (b) For which the early adopter—
 - (i) First applies this standard in preparing its financial report; and
 - (ii) Discloses in its financial report for that accounting period that this standard has been applied for that period.

Mandatory date means 1 January 2027.

Amendments to XRB A1 *Application of the Accounting Standards Framework*

Paragraph 5 amended

- 5 Certain enactments permit an entity that does not meet the legislative definition of size threshold ~~to be~~ a “specified not-for-profit entity”¹ to prepare its financial statements in accordance with a “non-GAAP standard”. A “non-GAAP standard” is a standard issued by the XRB or NZASB pursuant to section 12(a) of the Financial Reporting Act 2013 that is stated to be a non-GAAP standard. Only the Tier 4 PBE Accounting Requirements comprise non-GAAP standards.

Paragraphs 7(a) amended

7

- (a) it meets the IASB definition of public accountability ~~as specified~~ in paragraph 8 (subject to paragraph ~~108A~~); or

Paragraph 8 amended

- 8 ~~In accordance with the IASB definition,~~ The IASB defines an entity as having ~~has~~ public accountability if:

Paragraph 8(b) amended

8

- (b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, most banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks often would meet this second criterion).

Paragraph 8A added

- 8A In New Zealand, the application of the paragraph 8(b) is subject to the following additional considerations.

- (a) An FMC reporting entity is considered to have public accountability in accordance with paragraph 8(b) if, and only if, the FMC reporting entity is deemed to have public accountability in accordance with paragraph 9.
- (b) Paragraph 8(b) provides that “banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks” often have public accountability. In New Zealand, this statement may not necessarily apply to every type of entity listed in the IASB definition. For example, in New Zealand, many entities known as ‘brokers’ or ‘dealers’ do not hold client assets in a fiduciary capacity, but instead mainly provide investment portfolio advice and/or transactional services. Judgement is required in determining whether a non-FMC reporting entity holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses, when applying paragraph 8(b). Additional guidance is provided in paragraphs 11 and 12.

Paragraph 10 deleted

- 10 ~~Notwithstanding paragraph 8(b), an FMC reporting entity is not considered to have public accountability unless it is considered to have a “higher level of public accountability” than other FMC reporting entities in accordance with paragraph 9(a) or 9(b). [Deleted]~~

Paragraphs 17(a)(ii) amended

17

(a)

(ii) is a large for-profit public sector entity (as defined in paragraph 18); or**Paragraph 18 amended**

18 For the purpose of applying the Tier 1 size criteria, a for-profit public sector entity is large if it has total expenses over ~~\$30 million~~ \$33 million. Total expenses means the total expenses (including income tax expense) recognised in its profit or loss by an entity in accordance with Tier 1 For-profit Accounting Requirements, where profit or loss is defined as the total of income less expenses, excluding the components of other comprehensive income. Where income and expenses are offset as required or permitted by a relevant accounting standard, any net expense is included in total expenses. Where the entity reporting is a group, total expenses is applied to the group comprising the parent/controlling entity and all its subsidiaries/controlled entities.

Paragraph 29 amended

29 Where a for-profit public sector~~an~~ entity that had applied Tier 1 For-profit Accounting Requirements subsequently meets the Tier 2 size criteria because it is no longer large (as defined in paragraph 18), it may elect to apply Tier 2 For-profit Accounting Requirements for the reporting period in which it meets the Tier 2 size criteria.

Paragraph 37(a)(ii) amended

37

(a)

(ii) is large (as defined in paragraph 38); or**Paragraph 42 amended**

42 Subject to the requirements on moving between tiers (set out in paragraphs 47 to 72), a PBE may elect to report in accordance with Tier 4 PBE Accounting Requirements if it is permitted by an Act to report in accordance with non-GAAP standards (i.e., the cash basis of accounting) because it does not have public accountability and does not meet the legislative definition of size threshold~~to be~~ a “specified not-for-profit entity”.³

Paragraph 42A amended

42A For the purpose of determining whether an entity meets the legislative definition of a “specified not-for-profit entity”, ~~applying the legislative size threshold~~, where an entity has controlled entities,⁴ total operating payments means the combined operating payments of the entity and all its controlled entities.⁵ An entity may elect to report in accordance with Tier 4 PBE Accounting Requirements where the combined total operating payments of the entity and all its controlled entities do not mean the entity meets the legislative definition of a “specified not-for-profit entity” ~~exceed the legislative size threshold~~. Where the combined total operating payments mean the entity meets the legislative definition of a “specified not-for-profit entity” ~~exceed the legislative size threshold~~, the entity shall apply the criteria for other tiers to determine the appropriate tier for reporting.

Paragraph 54 amended

- 54 Where an entity that had applied Tier 4 PBE Accounting Requirements subsequently ~~no longer meets the Tier 4 criteria but~~ meets the Tier 1 size criteria, it may continue to report in accordance with Tier 4 PBE Accounting Requirements until it meets the legislative definition of a “specified not-for-profit entity” at which point it shall apply Tier 1 PBE Accounting Requirements. ~~for the annual reporting period in which it fails to meet the Tier 4 criteria and the following annual reporting period, and any interim reporting periods within those annual reporting periods.~~

Paragraph 61 amended

- 61 Where an entity that had applied Tier 4 PBE Accounting Requirements subsequently ~~no longer meets the Tier 4 criteria but~~ meets the Tier 2 criteria, it may continue to report in accordance with Tier 4 PBE Accounting Requirements until it meets the legislative definition of a “specified not-for-profit entity” at which point it shall apply Tier 2 PBE Accounting Requirements. ~~for the annual reporting period in which it fails to meet the Tier 4 criteria and the following annual reporting period, and any interim reporting periods within those annual reporting periods.~~

Paragraph 67 amended

- 67 Where an entity that had applied Tier 4 PBE Accounting Requirements subsequently ~~no longer meets the Tier 4 criteria but~~ meets the Tier 3 criteria, it may continue to report in accordance with Tier 4 PBE Accounting Requirements until it meets the legislative definition of a “specified not-for-profit entity” at which point it shall apply Tier 3 PBE Accounting Requirements. ~~for the annual reporting period in which it fails to meet the Tier 4 criteria and the following annual reporting period, and any interim reporting periods within those annual reporting periods.~~

Paragraph 70 amended

- 70 Where an entity that had applied Tier 1 PBE Accounting Requirements subsequently meets the Tier 4 size criteria as it no longer meets the legislative definition of a “specified not-for-profit entity”, it may elect to apply Tier 4 PBE Accounting Requirements for the reporting period in which it no longer meets the legislative definition of a “specified not-for-profit entity” ~~Tier 4 size criteria.~~

Paragraph 71 amended

- 71 Where an entity that had applied Tier 2 PBE Accounting Requirements or Tier 3 PBE Accounting Requirements subsequently meets the Tier 4 criteria as it no longer meets the legislative definition of a “specified not-for-profit entity”, it may elect to apply Tier 4 PBE Accounting Requirements for the reporting period in which it no longer meets the legislative definition of a “specified not-for-profit entity” ~~Tier 4 criteria.~~

Paragraph 81 added

- 81 2025 Amendments to XRB A1 Application of the Accounting Standards Framework, issued in June 2026, amended the definition of public accountability, increased the Tier 1 size threshold for-profit public sector entities to \$33 million of total expenses and clarified requirements for moving between tiers for PBEs. For commencement and application date provisions refer to paragraphs 0.2, 0.5, and 0.6 in 2025 Amendments to XRB A1 Application of the Accounting

Standards Framework. An entity that applies that amending standard for an early adoption period under that amending standard must disclose that fact when reporting in relation to that period.

Issued at Wellington on 15 June 2026

John Kensington

Chair

External Reporting Board

EXPLANATORY NOTE AND OTHER INFORMATION

This note and other information is not part of the standard

Explanatory note

This standard is the 2025 Amendments to XRB A1 *Application of the Accounting Standards Framework*.

This standard has been issued to introduce additional guidance and clarification in response to several application challenges relating to the definition of public accountability and the PBE ‘moving between tiers’ provisions. The standard also increases the Tier 1 size threshold for for-profit public-sector entities to align with the Tier 1 size threshold for Public Benefit Entities (PBEs) to enhance the consistency of the Accounting Standards Framework.

This standard applies to accounting periods that begin or after 1 January 2027 unless the reporting entity is an early adopter.

This standard is accompanied by amendments to the Basis for Conclusions of XRB A1 that explain why the External Reporting Board amended XRB A1.

This paragraph numbering within this Amendment Standard refers to the paragraph numbering of the Principal Standard as issued. The footnote numbering within this Amendment Standard may be adjusted consecutively rather than referring to the footnote numbering of the Principal Standard as issued. Accordingly, some paragraph and footnote numbering may not align with the compiled standard as published from time to time by the XRB on its website.

This standard was issued by the External Reporting Board.

Copyright

The standard is secondary legislation and, by section 27 of the Copyright Act 1994, no copyright exists in it.

For any enquiries generally in relation to the reproduction or use of this standard, please contact the External Reporting Board at <https://www.xrb.govt.nz/about-xrb/contact-us/>

Minimum Legislative Information

This standard is secondary legislation published under the Legislation Act 2019.

Title	2025 Amendments to XRB A1 <i>Application of the Accounting Standards Framework</i>
Principal or amendment	Amendment
Consolidated version	No
Empowering Act and provisions	Section 12(a) of the Financial Reporting Act 2013
Replacement empowering Act and provision	
Maker name	External Reporting Board
Administering agency	External Reporting Board
Date made	15 June 2026
Publication date	19 June 2026
Notification date	19 June 2026
Commencement date	17 July 2026
End date	
Consolidation as at date	
Related instruments (unofficial XRB consolidation)	<u>XRB A1 Application of the Accounting Standards Framework</u>