

New accounting standards and interpretations for New Zealand tier 1 public sector and not-for-profit public benefit entities (PBEs)

For 31 December 2025 year-end reports

New and changed requirements

We provide you with an overview of the accounting pronouncements, for Public Benefit Entities (PBEs), issued as of 31 December 2025, which:

- **Must** be applied for the first time for 31 December 2025 year-ends
- **May** be applied early for 31 December 2025 year-ends if specific criteria are met

Implementing new accounting standards often impacts entities beyond their financial reporting functions. This publication is intended to:

- Support better conversations about accounting changes with your stakeholders
- Help you respond in a timely manner to all accounting changes in your next financial report
- Keep you focused on future changes in financial reporting and their impact on your implementation efforts

Accounting change disclosures

Financial statements are required to:

- Present the impact of the initial application of new accounting standards applied
- Disclose the possible impact of the initial application of forthcoming accounting standards not yet applied or otherwise indicate the reason for not doing so

Please note that tier 2 PBEs applying the *Reduced Disclosure Requirements* are not required to disclose the possible impact of accounting pronouncements issued, but for which adoption has not yet commenced.

Remain alert to further changes

This publication is updated as of 31 December 2025. Any pronouncements issued afterwards (up until the date of authorisation of your financial report) must also be considered. [Our Eye on Reporting](#) newsletters will keep you informed of further changes.



The better the question.
The better the answer.
The better the world works.

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Catalogue of new accounting pronouncements issued as of 31 December 2025

New pronouncements ¹ that must be applied for 31 December 2025 year-ends	Commencement date ²	Application date ³	Page
There are no new pronouncements that must be applied for 31 December 2025 year-ends			
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New pronouncements that may be applied early for 31 December 2025 year-ends if specific requirements are met ⁴	Commencement date ²	Application date ³	Page
Amendments to PBE IFRS 17 - <i>Insurance Contracts</i> in the public sector	1 January 2026	1 January 2026	5
2024 Omnibus Amendments to PBE Standards - Amendments to PBE IPSAS 1 <i>Presentation of Financial Reports</i>	1 January 2026	1 January 2026	6
PBE Conceptual Framework update	1 January 2028	1 January 2028	6

¹ For full access to PBE Standards please visit <https://www.xrb.govt.nz/>.

² Commences annual reporting periods beginning on or after this date.

³ Assuming that the entity has not early adopted the pronouncement according to specific provisions in the Standard.

⁴ The ability to early adopt new standards and amendments will depend on the specific commencement and application date requirements of each new standard or amendment.

Catalogue of IFRIC agenda decisions

IFRIC agenda decisions published from 1 July 2024 to 31 December 2025	Month of issue ⁵	Page
Disclosure of revenue and expenses by reportable segments (IFRS 8)	July 2024	7
Classification of cash flows related to variation margin calls on 'collateralised-to-market' contracts	January 2025	7
Recognition of revenue from tuition fees (IFRS 15)	April 2025	8
Recognition of Intangible assets from climate-related expenditure (IAS 38)	April 2025	8
Guarantees issued on obligations of other entities	April 2025	9
Assessing indicators of hyperinflationary economies (IAS 29)	July 2025	10

⁵ Agenda decisions do not have commencement dates and so are effective when issued. However, entities are entitled to sufficient time to assess impacts and make required changes. The IASB advised that 'sufficient time' will depend on the particular facts and circumstances.

Key requirements



Public sector insurance contracts

Amendments to PBE IFRS 17 - Insurance contracts in the public sector

Commences to apply for annual reporting periods beginning on or after 1 January 2026.

The amending standard adds public sector modifications to PBE IFRS 17 *Insurance Contracts* (PBE IFRS 17) to include public sector entities within its scope from periods beginning on or after 1 January 2026.

The amendment provides the following modifications to PBE IFRS 17 for application by public sector entities:

- Added pre-requisites, indicators and other considerations that need to be judged to identify arrangements to which PBE IFRS 17 should apply in the public sector. Specifically, when an arrangement is in substance a contract
- Specific exemptions relating to sub-grouping contracts. Public sector entities are not required to divide contracts into onerous, no possibility of being onerous and all remaining contracts. Public sector entities are also not required to sub-group insurance contracts based on the date they were issued. The portfolio of insurance contracts will be the unit of account
- An amendment to the timing of initial recognition. A public sector entity will recognise an insurance contract at the earlier of the beginning of the coverage period and the date when the first payment is due
- Guidance on coverage periods in a public sector context, which has consequences for determining the cash flows used to measure insurance liabilities and the pattern of revenue recognition

- An accounting policy choice to allow the public sector to measure liabilities for remaining coverage applying the premium allocation approaches
- Additional application guidance with specific public sector examples

Early application is permitted if specific requirements are met. These amendments require comparative information to be provided in respect of the preceding accounting period.

Key requirements



Other topics

2024 Omnibus Amendments to PBE Standards - Amendments to PBE IPSAS 1 Presentation of Financial Reports

Commences to apply for annual reporting periods beginning on or after 1 January 2026.

A liability is classified as current if the entity has no right at the reporting date to defer settlement for at least 12 months after the reporting date. The NZASB issued amendments to PBE IPSAS 1 to clarify the requirements for classifying liabilities as current or non-current, in particular:

- The conditions that exist at the reporting date are those that will be used to determine if a right to defer settlement of a liability exists. Specifically, only covenants with which an entity must comply on or before the reporting date will affect the classification of a liability.
- Management's intention or expectation does not affect the classification of liabilities.
- In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute the settlement of the liability for classification purposes.
- Clarifying specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within 12 months.

PBE Conceptual Framework update

Commences to apply for annual reporting periods beginning on or after 1 January 2028.

The updates to the PBE Conceptual Framework are based on the recent limited-scope updates to the IPSASB's conceptual framework, and amends Chapter 3 *Qualitative Characteristics* and Chapter 5 *Elements in General Purpose Financial Reports*.

The amendments include:

- Updates to the guidance on materiality
- Additional guidance has been included to clarify, when applying the qualitative characteristic of faithful representation, how prudence should be considered
- Updates to the definitions of an asset and a liability and the related guidance
- It also introduces new guidance on the unit of account and on binding arrangements that are equally unperformed

Early application of the update to the PBE Conceptual Framework is permitted if specific requirements are met.



The XRB has noted that "although, [the IFRS Interpretations Committee's (IFRIC's or Committee's)] agenda decisions are specifically developed with for-profit entities in mind, PBES applying Tier 1 or Tier 2 PBE Standards may also consider applicable explanatory material in the IFRIC interpretations and agenda decisions when developing and applying accounting policies in accordance with PBE IPSAS 3". Therefore, on this basis this publication outlines recent activities of the IFRIC for consideration by PBES.

The IFRIC issued no recent interpretations. However, it issued several agenda decisions on matters brought to its attention.

Entities need to consider the impact of each agenda decision, based on their circumstances, and possibly adopt a change in policy. Agenda decisions do not have commencement dates and so commence when issued. However, entities are entitled to sufficient time⁶ to assess impacts and make required changes.

Below we summarise all IFRIC agenda decisions published during the period from 1 July 2024 to 31 December 2025.

Disclosure of revenue and expenses for reportable segments (IFRS 8)

Entities disclosing segment information under IFRS 8 *Operating Segments* (IFRS 8) must make specific disclosures relating to segment profit or loss under IFRS 8 paragraph 23.

The IFRIC addressed two key points regarding the application of paragraph 23:

- Whether an entity is required to disclose the specified amounts⁷ if they are not reviewed separately by the CODM
- How an entity determines 'material items of income and expense'

Key observations of the Committee:

- Judgement is required in determining information to be disclosed
- Disclose specified amounts if they are:
 - Included in the measure of segment profit or loss reviewed by the CODM, even if not separately reviewed by the CODM
 - Regularly provided to the CODM, even if not included in the measure of segment profit or loss
- When disclosing material items of income and expense, an entity:
 - Assesses whether information about an item of income and expense is material in the context of its financial statements taken as a whole (applies paragraph 7 of IAS 1)
 - Considers how to aggregate information in its financial statements
 - Considers the nature or magnitude of the information
 - Considers circumstances including, but not limited to, those in paragraph 98 of IAS 1, which lists examples of transactions that might warrant disclosure

Classification of cash flows related to variation margin calls on 'collateralised-to-market' contracts (IAS 7)

The IFRIC received a question about how an entity presents, in its statement of cash flows, the cash flows related to variation margin call payments made on contracts to purchase or sell commodities at a predetermined price and time in the future.

The fact pattern involved a contract to purchase or sell commodities at a predetermined price and at a specified time in the future. Such contracts:

- May be for different purposes, such as to receive commodities in accordance with expected usage

⁶ The IASB advised that "sufficient time" will depend on the particular facts and circumstances. Refer IFRS feature article: Agenda decisions - time is of the essence.

⁷ Specified amounts are amounts included in paragraph 23 of IFRS 8 *Operating Segments*, which include revenue from external customers, revenue from transactions with other operating segments of the same entity, interest revenue, interest expense, depreciation and amortisation, material items of income and expense disclosed, the entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method, income tax expense or income, and material non-cash items other than depreciation and amortisation.



requirements, to hedge against fluctuations in prices or for trading purposes

- Typically have a maturity of up to three years
- Can be physically or net-cash settled and are both centrally cleared and collateralised-to-market. That is, during the life of the contract, the counterparties make or receive daily payments based on fluctuations in the fair value of the contract. These variation margin call payments represent a transfer of cash collateral rather than a partial settlement

Based on evidence gathered, the IFRIC concluded that the matters above do not have widespread effect and decided not to add a standing-setting project to the work plan.

Recognition of revenue from tuition fees (IFRS 15)

The IFRIC received a request about the period over which an educational institution recognises revenue from tuition fees.

In the fact pattern considered:

- Students attend an educational institution for approximately 10 months of the year (academic year) and have a summer break of approximately two months.
- During the summer break, the academic staff take a four-week holiday and use the rest of the time to wrap up the previous academic year and to prepare for the next academic year.
- During the four-week holiday period, the academic staff are employed by, and receive salary from, the educational institution. Non-academic staff provide some administrative support, and the educational institution continues to receive and pay for IT and cleaning services.

Applying IFRS 15, the educational institution recognises revenue from tuition fees over time. The request asks whether the educational institution is required to recognise that revenue

- Evenly over the academic year (10 months)
- Evenly over the annual reporting period (12 months)

- Or over a different period

The IFRIC concluded that evidence gathered by the Committee indicated:

- No diversity in accounting for revenue from tuition fees
- Any differences in the period over which tuition fee revenue is recognised results from differing facts and circumstances and do not reflect diversity in accounting for revenue from tuition fees

Accordingly, the IFRIC concluded that the matters above do not have widespread effect and decided not to add a standing-setting project to the work plan.

Recognition of intangible assets from climate-related expenditure (IAS 38)

The IFRIC received a request about whether climate-related expenditure, specifically acquisitions of carbon credits and expenditure on research and development activities meet the requirements in IAS 38 to be recognised as intangible assets.

The fact pattern considered an entity that:

- Committed in 2020 and 2021 to reducing a percentage of its carbon emissions by 2030, known as the "2030 commitment"
- Took several affirmative actions including creating a transition plan, engaging with net zero-focused investors, publishing its commitment and plans on its website, investing in innovation programs (which will involve creating expert teams of people), to name a few.
- Has concluded that its 2030 commitment and subsequent affirmative actions have created a constructive or legal obligation applying IAS 37.

As described in the April 2024 Climate related commitments (IAS 37) [agenda decision](#), the entity considers the criteria in paragraph 14 of IAS 37 for recognising a provision.

Observing that the entity separately assesses whether it recognises an asset or an expense, the IFRIC:

IFRIC agenda decisions

- Noted that the IASB has been researching and engaging with stakeholders about the prevalence and significance of pollutant pricing mechanisms (PPMs), including the use of carbon credits
- Chose to not consider the question about accounting for acquisitions of carbon credits, and considered only the question about accounting for expenditure on research and development activities

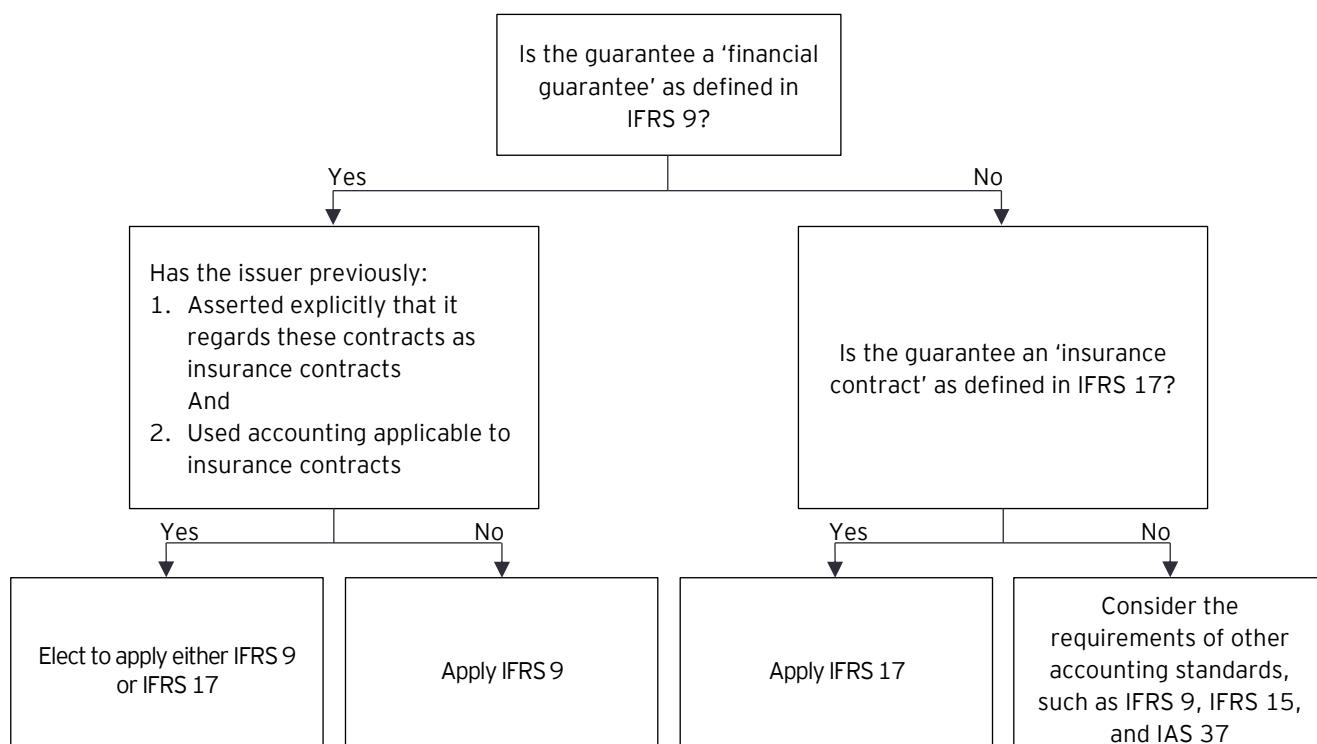
Ultimately, the IFRIC observed no material diversity in current accounting practices for expenditure on research and development activities.

Guarantees issued on obligations of other entities

Entities may issue contractual guarantees on obligations of other entities (i.e., joint ventures, associates, subsidiaries, or third parties). These guarantees mean the company promises to pay a bank, customer, or third party, if the other entity does not meet its obligations.

The main question was whether these guarantees should be treated as financial guarantee contracts under IFRS 9 or under another IFRS Accounting Standard, such as IFRS 17 *Insurance*, IFRS 15 *Revenue from Contracts with Customers*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The IFRIC concluded that entities need to apply judgement and laid out a series of considerations, which is summarised by the following decision tree:





Assessing indicators of hyperinflationary economies (IAS 29)

If entities need to identify when an economy becomes hyperinflationary, IAS 29 will need to be applied.

In determining whether an economy is hyperinflationary, stakeholders:

- Apply judgement
- Consider multiple indicators, not limited to those listed in paragraph 3 of IAS 29
- Maintain consistency across group entities

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EYSCORE 000401-26-AUNZ
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