Shape the future
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New accounting standards and interpretations for public sector and not-for-profit public benefit entities (PBEs)

For 30 June 2026 year-end reports

New and changed requirements

We provide you with an overview of the significant accounting pronouncements, for public benefit entities (PBEs), issued as of 30 June 2026, which:

- **Must** be applied for the first time for 30 June 2026 year-ends
- **May** be applied early for 30 June 2026 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

Tier 1 PBEs are required to:

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

Tier 2 PBEs applying the *Reduced Disclosure Requirements* are not required to disclose the possible impact of accounting pronouncements issued for which adoption has not yet commenced.

Remain alert to further changes

This publication is updated as of 30 June 2026. 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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New pronouncements that may be applied early for 30 June 2026 year-ends if specific requirements are met[3,3]	Commencement date[3,5]	Mandatory date - periods beginning on or after[3,5]	Page
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[1] For full access to PBE Standards please visit https://www.xrb.govt.nz/.

[2] Mandatory date of application for reporting periods beginning on or after this date, assuming the entity has not early adopted the pronouncement in accordance with the specific provisions in the pronouncement

[3] An entity may early adopt a pronouncement if its accounting period begins before the mandatory date and that period has not ended or does not end before the commencement date of the pronouncement

Catalogue of IFRS IC agenda decisions

IFRS IC agenda decisions published from 1 January 2025 to 30 June 2026	Month of issue[4]	Page
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This publication provides an overview of the significant accounting standards, amendments, and pronouncements issued as of 30 June 2026, omitting the following minor amendments:

- Consequential Amendments arising from PBE IPSAS 50
- Recognition of Revenue from Tuition Fees (IFRS 15)
- Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts (IAS 7)
- Embedded Prepayment Option (IFRS 9)
- Determining and Accounting for Transaction Costs (IFRS 9)
- Fair Representation and Compliance with IFRS Accounting Standards (IAS 1) [IAS 8]

Consequential amendments to IFRS IC agenda decisions as a result of IFRS 18

In January 2026, the IFRS Interpretations Committee (IFRS IC) updated six previously issued IFRS IC agenda decisions to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements*. These updates to previous IFRS IC agenda decisions have been omitted from this publication:

- Subsequent expenditure on biological assets (IAS 41) – updated in January 2026
- Physical settlement of contracts to buy or sell a non-financial item (IFRS 9) – updated in January 2026
- Normal operating cycle (IAS 1) – updated in January 2026
- Disclosure of revenue and expenses for reportable segments (IFRS 8) – updated in January 2026
- Disclosure of changes in liabilities arising from financing activities (IAS 7) – updated in January 2026
- Demand deposits with restrictions on use arising from a contract with a third party (IAS 7) – updated in January 2026

[4] 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

The mandatory application date is for 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 on which 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

Extractive industries

PBE IPSAS 50 *Exploration and Evaluation of Mineral Resources*

The mandatory application date is for periods beginning on or after 1 January 2027.

PBE IPSAS 50 provides the accounting guidance for the costs incurred in the exploration for, and evaluation of, mineral resources. Under this standard, entities may capitalise specific exploration and evaluation expenditures when those expenditures can be associated with the discovery of specific mineral resources.

These costs are initially measured at cost and subsequently using either:

- The cost model

  Or

- The revaluation model by applying either PBE IPSAS 17 *Property, Plants and Equipment* or PBE IPSAS 31 *Intangible Assets*, depending on the nature of the assets

The standard also includes requirements to assess assets recognised for impairment and introduces new disclosure requirements.

Early application is permitted if certain requirements are met.

Amendments to PBE IPSAS 12 Inventories - Stripping Costs in the Production Phase of a Surface Mine

The mandatory application date is for periods beginning on or after 1 January 2027.

The amendments to PBE IPSAS 12 applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are capitalised as part of an existing asset, if the entity can demonstrate that:

- It is probable that future economic benefits will be realised
- The costs can be reliably measured

  And

- The entity can identify the component of an ore body for which access has been improved

The 'stripping activity asset' is initially measured at cost and subsequently, in the same way as the existing asset of which it forms part of. The stripping activity asset shall be depreciated or amortised using the units of production method, unless another method is more appropriate.

Early application is permitted if certain requirements are met.

Key requirements

Other topics

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

The mandatory application date is for 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 purpose
- 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.

Amendments to PBE Standards - Specific IFRS IC Interpretations

The mandatory application date is for periods beginning on or after 1 January 2027.

The NZASB has made the following narrow scope amendments to PBE Standards to add additional guidance aligned with certain IFRS IC interpretations:

- PBE IPSAS 10 *Financial Reporting in Hyperinflationary Economies* to clarify how an entity restates its financial statements in the first year of hyperinflation
- PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets* to clarify the accounting for decommissioning, restoration, and other similar liabilities
- PBE IPSAS 39 *Employee Benefits* to clarify how an entity considers limits on the defined benefit asset and minimum funding requirements when accounting for its involvement in defined benefit plans

Early application is permitted if certain requirements are met.

Key requirements

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

The mandatory application date is for periods beginning on or after 1 January 2027.

The NZASB issued the amendments to XRB A1 in June 2026, which:

- Updated the definition of public accountability:
  - To align with the latest definition from the IASB
  - Clarify when FMC reporting entities have public accountability under paragraph 8A
- Increases the Tier 1 size threshold for for-profit public-sector entities from $30 million to $33 million of total expenses to align with the tier 1 size threshold for public benefit entities
- Provide clearer guidance for when an entity qualifies as a Tier 4 PBE and moving between tiers provisions

Early application is permitted if certain requirements are met.

PBE Conceptual Framework update

The mandatory application date is for 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.

IFRS IC agenda decisions

The XRB has noted that "although, [the IFRS Interpretations Committee's (IFRS IC'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 IFRS IC 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 IFRS IC for consideration by PBEs.

The IFRS IC 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 time[5] to assess impacts and make required changes.

Below we summarise all IFRS IC agenda decisions published during the period from 1 January 2025 to 30 June 2026.

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

The IFRS IC 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, and 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 by 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 IFRS IC:

- 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 not to 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 IFRS IC observed no material diversity in current accounting practices for expenditure on research and development activities.

[5] 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.

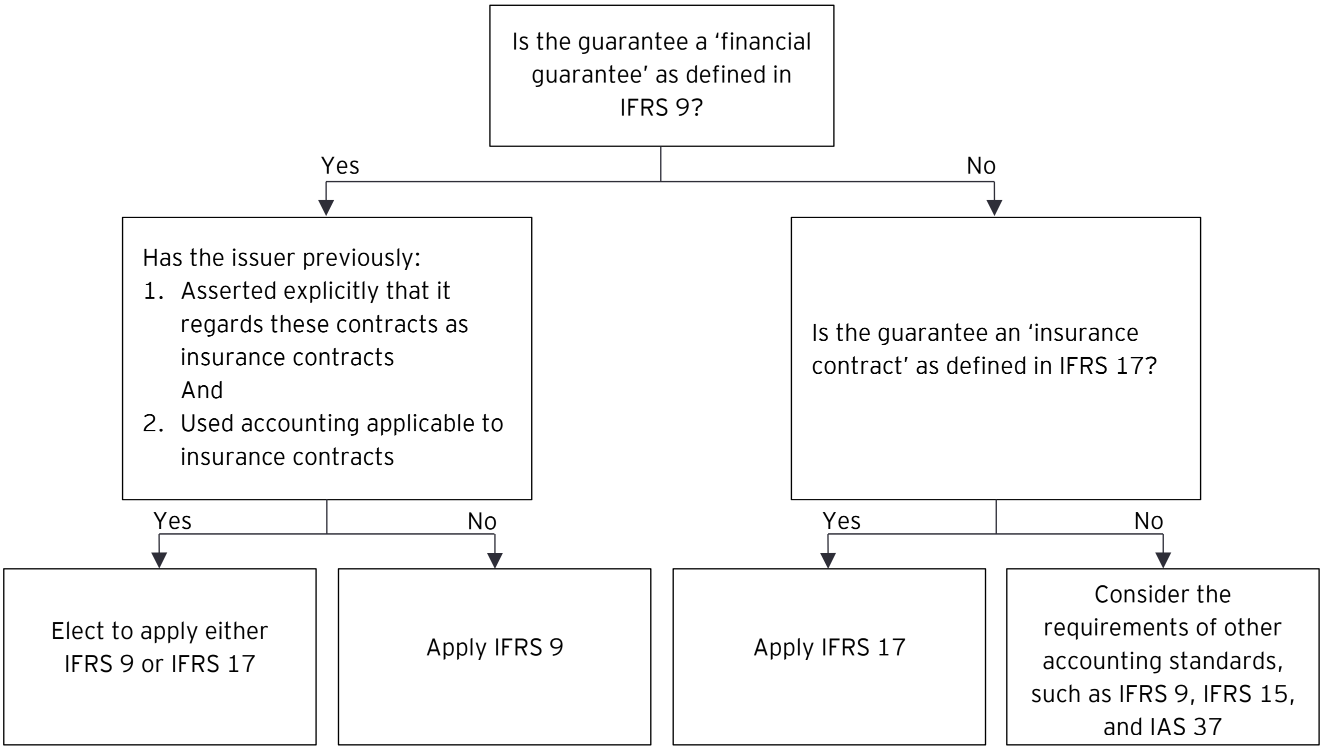
IFRS IC agenda decisions

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 IFRS IC concluded that entities need to apply judgement and laid out a series of considerations, which are 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

IFRS IC agenda decisions

Economic benefits from use of a battery under an offtake arrangement (IFRS 16)

The agenda decision addresses how to assess whether a customer has the right to obtain substantially all economic benefits from an identified asset under IFRS 16, using a battery offtake arrangement as an example.

Battery owner

- Retains custody of the battery and cannot substitute it
- Operates the battery in accordance with the retailer's instructions
- Is the registered market participant and transacts with the market operator
- Executes all electricity transactions at spot prices and passes all resulting cash flows from trading to/from the retailer
- Settles net cash flows periodically with the retailer

Electricity retailer (customer)

- Has exclusive rights to 100% of the battery's capacity
- Directs when and how the battery is charged and discharged
- Pays a fixed amount over the period of the contract for the right to use the battery, regardless of usage
- Settles net cash flows periodically with the battery owner

The Committee observed that the economic benefits are derived from the battery's storage capability and capacity, rather than electricity production. The IFRS IC concluded that the retailer obtains substantially all economic benefits because it has exclusive rights to use the battery's storage capacity and to determine when and how the battery is charged and discharged.

Classification of gains and losses on a derivative managing a foreign currency exposure (IFRS 18)

The agenda decision addresses the classification of gains or losses arising from a derivative financial instrument in an entity's consolidated statement of profit or loss.

In the fact pattern, the parent entity has a subsidiary which had issued a foreign currency loan (investing asset), and another subsidiary which had obtained a loan from a different third party (financing liability) in the same foreign currency, resulting in a net liability exposure at a group level. The derivative in question is a forward contract that is used to manage the foreign currency risk of the net liability exposure but is not designated as a hedging instrument applying IFRS 9 Financial Instruments.

The IFRS IC concluded that the external derivative is used to manage only the foreign currency risk of the net liability exposure rather than the gross exposures (i.e., the investing asset and the financing liability). This affects a single category of the consolidated statement of profit or loss, i.e., the financing category. Therefore, classifying gains or losses on the external derivative in the financing category would not require the grossing up of such gains or losses, for example, in cases in which the managed risks affect line items in more than one category of profit or loss.

IFRS IC agenda decisions

Classification of a foreign exchange difference from an intragroup monetary liability (or asset) (IFRS 18)

Entities with foreign exchange differences arising from an intragroup monetary asset or liability will need to consider how to apply paragraph B65 of IFRS 18 when related income and expenses are eliminated on consolidation.

Paragraph B65 states that an entity shall classify foreign exchange differences in the statement of profit or loss in the same category as the income and expenses from the items that gave rise to the foreign exchange differences unless doing so would involve undue cost or effort, in which case the exchange difference would be classified in the operating category.

The IFRS IC concluded that in its consolidated financial statements, the entity may either:

- Classify the exchange difference in the operating category as the default category

  Or

- Classify the exchange difference in the same category in which the income and expenses from the intragroup loan would have been classified before their elimination on consolidation. The entity classifies the exchange difference from its perspective as a consolidated group

The entity would need to develop and apply an accounting policy consistently in accordance with IAS 8 Basis of Preparation of Financial Statements.

Assessment of a specified main business activity for the purposes of the separate financial statements of a parent (IFRS 18)

Parent entities preparing separate financial statements whose business activities are limited to holding and managing investments in subsidiaries will need to assess whether this constitutes a specified main business activity under IFRS 18.

For the fact pattern considered, the IFRS IC concluded that the fact that investing in unconsolidated subsidiaries is the parent's only substantive operations is enough evidence to conclude that it has a main business activity of investing in unconsolidated subsidiaries. The indicators of a specified main business activity in the standard are not exhaustive.

The IFRS IC considered that for the parent to conclude that it does not have a main business activity of investing in unconsolidated subsidiaries would be inconsistent with the core premise that the results of an entity's operations must be included in the operating category.

As such, in this case, the parent would classify the income and expenses from the parent's investments in unconsolidated subsidiaries measured at cost, in the operating category.

The IFRS IC observed that the absence of factors described in paragraphs B34-B36 of IFRS 18 is not determinative and does not indicate that the parent's only substantive business activity is not its main business activity.

Scope of the requirement to disclose expenses by nature (IFRS 18)

Under paragraph 83 of IFRS 18, entities that present expenses by function in the operating category of the statement of profit and loss are also required to make disclosures of expenses by nature.

The IFRS IC was asked whether paragraph 83 applies only to operating expenses presented by function under paragraph 75(a)(ii), or more broadly to all expenses classified by function within the operating category.

The Committee concluded that paragraph 83 applies to any line item comprising expenses classified by function in the operating category, without exceptions, regardless of whether the classification is judgemental or mandated by another standard.

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