Shape the future with confidence

New accounting standards and interpretations for for-profit entities

For 30 June 2026 year-end reports

New and changed requirements

We provide you with an overview of the significant accounting pronouncements, for for-profit entities, issued by the New Zealand Accounting Standards Board (NZASB or the Board) 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

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

Accounting change disclosures

Tier 1 for-profit entities 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 for-profit entities 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 after this date (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.

Contents

Catalogue of new accounting pronouncements issued as of 30 June 2026

New pronouncements[1] that must be applied for 30 June 2026 year-ends	Commencement date	Mandatory date - periods beginning on or after[2]	Page
Amendments to NZ IAS 21 – Lack of exchangeability	30 November 2023	1 January 2025	5
Disclosures about Uncertainties in the Financial Statements		Effective immediately	9

New pronouncements that may be applied early for 30 June 2026 year-ends if specific requirements are met[2,3]	Commencement date[2,3]	Mandatory date - periods beginning on or after[2,3]	Page
Amendments to NZ IFRS 9 and NZ IFRS 7 – Classification and measurement of financial instruments	25 July 2024	1 January 2026	6
Amendments to NZ IFRS 9 and NZ IFRS 7 – Contracts referencing nature-dependent electricity	29 May 2025	1 January 2026	7
NZ IFRS 18 *Presentation and Disclosure of Financial Statements*	20 June 2024	1 January 2027	8
Amendments to for-profit domestic accounting standards due to NZ IFRS 18	25 September 2025	1 January 2027	8
2025 Amendments to XRB A1 Application of the Accounting Standards Framework	17 July 2026	1 January 2027	9
Amendments to NZ IFRS 10 and NZ IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	13 November 2014	1 January 2028	9

[1] For full access to NZ IFRSs, 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 accounting 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
Recognition of intangible assets from climate-related expenditure (IAS 38)	April 2025	10
Guarantees issued on obligations of other entities	April 2025	11
Assessing indicators of hyperinflationary economies (IAS 29)	July 2025	10
Scope of the requirement to disclose expenses by nature (IFRS 18)	April 2026	11
Economic benefits from use of a battery under an offtake arrangement (IFRS 16)	April 2026	12
Classification of gains and losses on a derivative managing a foreign currency exposure (IFRS 18)	April 2026	12
Classification of a foreign exchange difference from an intragroup monetary liability (or asset) (IFRS 18)	April 2026	13
Assessment of a specified main business activity for the purposes of the separate financial statements of a parent (IFRS 18)	April 2026	13

This publication provides an overview of the significant accounting standards, amendments, and pronouncements issued as of 30 June 2026, omitting the following minor amendments:

- Annual Improvements to NZ IFRS 2024
- Amendments to NZ IAS 21 - Translation to a Hyperinflationary Presentation Currency
- 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.

Foreign currency translations

Amendment to NZ IAS 21 - Lack of exchangeability

The mandatory application date is for periods beginning on or after 1 January 2025.

Entities that have foreign currency transactions or foreign operations in jurisdictions where exchangeability may be restricted or lacking will need to consider the amendments to NZ IAS 21 *The Effects of Changes in Foreign Exchange Rates* (NZ IAS 21).

The amendment creates a new definition of exchangeability and clarifies when a currency is not exchangeable.

The amendments explain that a currency is exchangeable into another currency when:

- An entity can obtain the other currency within a time frame that allows for a normal administrative delay
- A market or exchange mechanism creates enforceable rights and obligations over an exchange transaction

When a currency is not exchangeable:

- An entity shall estimate the spot exchange rate
- The estimate would reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions
- The entity must also disclose information on how the lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position, and cash flows

Resource

IFRS Developments Issue 220: Amendments to IAS 21: Lack of Exchangeability (September 2023)

Key requirements

Financial instruments

Amendments to NZ IFRS 9 and NZ IFRS 7 – Amendments to the classification and measurement of financial instruments

The mandatory application date is for periods beginning on or after 1 January 2026.

The NZASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to NZ IFRS 9 and NZ IFRS 7), which:

- Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expired or the liability otherwise qualifies for derecognition
- Introduce an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before the settlement date if certain conditions are met
- Clarify, for the purpose of classifying a financial asset, how to assess the contractual cash flow characteristics of financial assets that include environmental, social, and governance (ESG)-linked features and other similar contingent features
- Clarify how non-recourse features and contractually linked instruments are assessed for the purpose of applying the solely payment of principal and interest (SPPI) test when determining the measurement basis of financial assets
- Require additional disclosures in NZ IFRS 7 *Financial Instruments: Disclosures* (NZ IFRS 7) for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

Entities can early adopt the amendments that relate to the classification of financial assets and the related disclosures, and apply the other amendments later, if specific requirements are met.

Resource

IFRS Developments Issue 228: IASB issues amendments to classification and measurement of financial instruments (June 2024)

Applying IFRS: Amendments to classification and measurement of financial instruments (November 2024)

Key requirements

Amendments to NZ IFRS 9 and NZ IFRS 7 – Contracts referencing nature-dependent electricity

The mandatory application date is for periods beginning on or after 1 January 2026.

Nature-dependent electricity contracts help entities to secure their electricity supply from sources such as wind and solar power. The amount of electricity generated under these contracts can vary based on uncontrollable factors, such as weather conditions.

Entities with nature-dependent electricity contracts will have to consider the amendments to NZ IFRS 7 and NZ IFRS 9, which clarify three key areas:

- Contracts referencing nature-dependent electricity (e.g., wind, solar) can qualify for the **own-use exception under NZ IFRS 9** if the entity remains a net purchaser over the contract period (i.e., the entity buys sufficient electricity to offset any sales of unused electricity)
    - Entities can now designate contracts referencing nature-dependent electricity as **hedging instruments** and designate a variable nominal amount of forecast electricity as the hedged item if specific criteria are met
- Amendments to NZ IFRS 7 **add new disclosure requirements** to enable users of financial statements to better understand the effect of these contracts on an entity's financial performance and cash flows

Earlier application is permitted if specific requirements are met.

Resource

IFRS Developments issue 234 - Nature-dependent Electricity - IFRS 9 and IFRS 7 amendments (January 2025)

Key requirements

Presentation and disclosure

NZ IFRS 18 *Presentation and Disclosure in Financial Statements*

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

The key presentation and disclosure requirements established by NZ IFRS 18 are:

New Structure for the statement of profit or loss

- Income and expenses must be classified into one of five categories: operating, investing, financing, income taxes and discontinued operations
- Presentation of mandatory subtotals: 'operating profit or loss,' 'profit or loss before financing and income taxes,' and 'profit or loss'
- For the purposes of classifying income and expenses into one of the three new categories, entities will need to assess their main business activity, which will require judgement. There may be more than one main business activity

Disclosure of management-defined performance measures (MPMs)

An MPM is a subtotal of income and expenses that an entity uses in public communications outside the financial statements to convey management's view of an aspect of the entity's overall financial performance to users. The standard requires:

- MPM disclosures to be made in a single note
- Information for each MPM disclosed, such as:
  - How the measure is calculated
  - How it provides useful information
  - A reconciliation to the most comparable subtotal specified by NZ IFRS 18 or another standard

Principles for aggregation and disaggregation

NZ IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other NZ IFRS

NZ IFRS 18 is accompanied by limited consequential amendments to the requirements in other accounting standards, including NZ IAS 7.

The standard must be applied retrospectively. Earlier application is permitted if certain requirements are met.

Resources

IFRS Developments Issue 223: The IASB issues IFRS 18 Presentation and Disclosure in Financial Statements (April 2024)

Applying IFRS - A closer look at IFRS 18 (Updated April 2026)

Good Group IFRS 18 illustrative financial statements (December 2025)

Amendments to for-profit domestic accounting standards due to NZ IFRS 18

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

FRS-42 *Prospective Financial Statements* and FRS-43 *Summary Financial Statements* have been amended to ensure consistency between the presentation of prospective and summary financial statements and the requirements for presenting historical financial statements under NZ IFRS 18.

Paragraph 10 of FRS-44 *New Zealand Additional Disclosures* has been amended to ensure consistency with the requirements in NZ IFRS 18 and with the amendments to NZ IAS 7 as a result of NZ IFRS 18. The amendment changes the starting point of the cash flow reconciliation from 'profit or loss' to 'operating profit or loss.'

Early application is permitted if certain requirements are met.

Resource

Amendments to for-profit domestic accounting standards due to NZ IFRS 18

Other topics

Disclosures about Uncertainties in the Financial Statements

The International Accounting Standards Board (IASB) issued amendments to IAS 36 and IAS 37 to add additional illustrative examples to their accompanying guidance. These non-authoritative guidance are applicable to entities reporting under NZ IFRS.

The objective of the new examples is to illustrate how an entity applies the requirements of the Standards to report the effects of uncertainties in its financial statements. In particular, the examples demonstrate:

- In relation to IAS 36, how an entity discloses information about the key assumptions it uses to determine the recoverable amount of assets
- In relation to IAS 37, how an entity might disclose information about plant decommissioning and site-restoration obligations

These amendments are effective immediately.

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.

Amendments to NZ IFRS 10 and NZ IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture

The mandatory application date is for periods beginning on or after 1 January 2028[5].

The amendments to NZ IFRS 10 *Consolidated Financial Statements* (NZ IFRS 10) and NZ IAS 28 *Investments in Associates and Joint Ventures* (NZ IAS 28) clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in NZ IFRS 3 *Business Combinations* (NZ IFRS 3).

Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

These amendments are applied prospectively. Earlier application is permitted if certain requirements are met.

[5] The NZASB initially deferred the effective date of these amendments to 1 January 2020, subsequently deferred the effective date of these amendments to 1 January 2025, and then to 1 January 2028.

IFRS IC agenda decisions

The IFRS Interpretations Committee (IFRS IC or Committee) issued no recent interpretations. However, it issued several agenda decisions on matters brought to its attention. Whilst IFRS IC agenda decisions do not add or change requirements in NZ IFRS, entities are required to consider explanatory material in an applicable agenda decision when applying NZ IFRS.

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[6] 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.

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

[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.

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*.

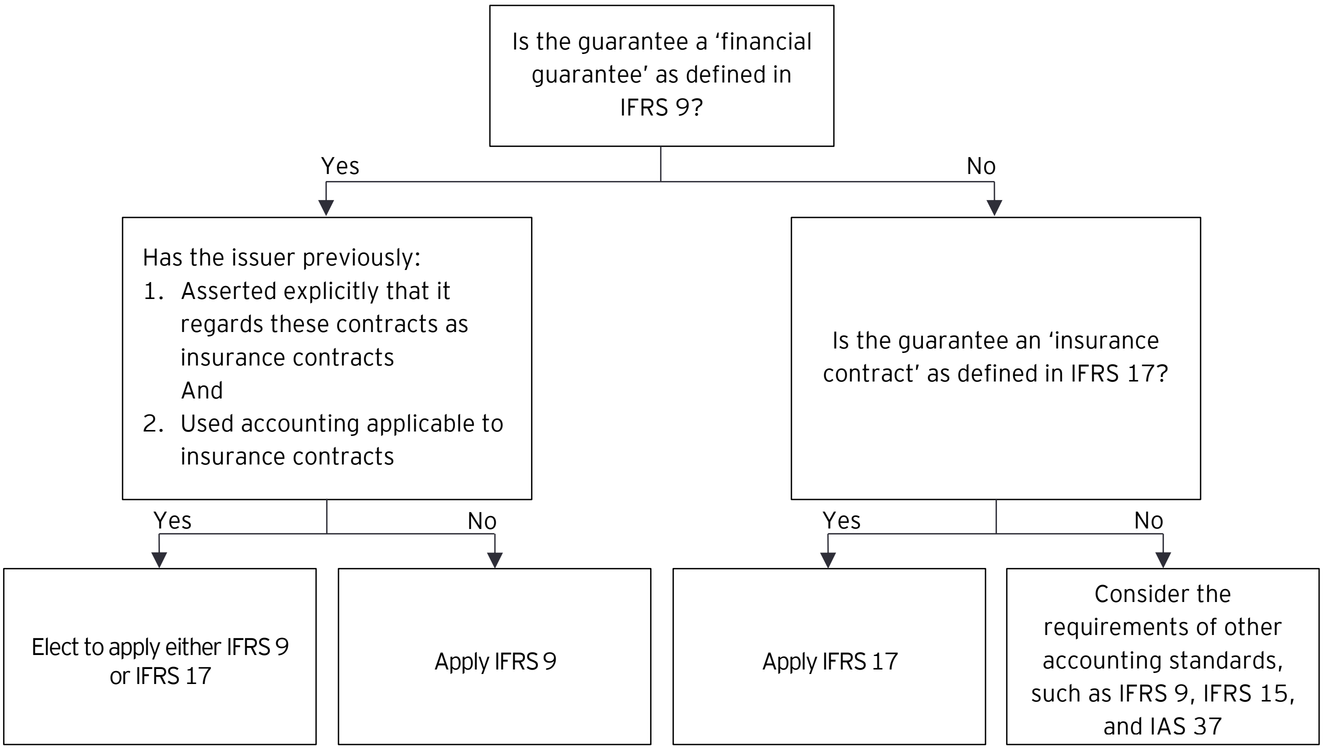
The IFRS IC concluded that entities need to apply judgement and laid out a series of considerations, which are summarised by the following decision tree:

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.



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.

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.

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