



Shape the future
with confidence

New Accounting Standards and Interpretations for Tier 1 for-profit Entities

For 31 March 2025 year-end reports

New and changed requirements

We provide you with an overview of the accounting pronouncements issued by the New Zealand Accounting Standards Board (NZASB or the Board) as of 31 March 2025, which:

- **Must** be applied for the first time for 31 March 2025 year-ends
- **May** be applied early for 31 March 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 for-profit entities 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 March 2025. 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.



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

Contents

Catalogue	3
Key requirements	5
	Classification of liabilities
	6
	Leases
	7
	Financial instruments
	9
	Audit fees
	10
	Group accounts
	11
	Presentation and disclosure
	12
	Other topics
IFRIC agenda decisions	13
Key contacts	16

Catalogue of new accounting pronouncements issued as of 31 March 2025

New pronouncements ¹ that must be applied for 31 March 2025 year-ends	Commencement date ²	Application date ³	Page
Amendments to NZ IAS 1 - Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants	1 January 2024	1 April 2024	5
Amendments to NZ IFRS 16 - Lease Liability in a Sale and Leaseback	1 January 2024	1 April 2024	6
Amendments to NZ IAS 7 and NZ IFRS 7 - Disclosures of Supplier Finance Arrangements	1 January 2024	1 April 2024	7
Amendments to FRS 44 - Disclosure of Fees for Audit Firms' Services	1 January 2024	1 April 2024	9

New pronouncements that may be applied early for 31 March 2025 year-ends if specific requirements are met ⁴	Commencement date ²	Application date ³	Page
Amendments to NZ IAS 21 - Lack of Exchangeability	1 January 2025	1 April 2025	12
Amendments to NZ IFRS 9 and NZ IFRS 7 - Classification and Measurement of Financial Instruments	1 January 2026	1 April 2026	7
Annual Improvements to NZ IFRS 2024	1 January 2026	1 April 2026	
Amendments to NZ IFRS 1 <i>First-time Adoption of NZ IFRS</i>			12
Amendments to NZ IFRS 7 <i>Financial Instruments: Disclosures</i>			8
Amendments to NZ IFRS 9 <i>Financial Instruments</i>			8
Amendments to NZ IFRS 10 <i>Consolidated Financial Statements</i>			10
Amendments to NZ IAS 7 <i>Statement of Cash Flows</i>			12
NZ IFRS 18 <i>Presentation and Disclosure of Financial Statements</i>	1 January 2027	1 April 2027	11
Amendments to NZ IFRS 10 and NZ IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2028	1 April 2028	10

¹ For full access to NZ IFRSs 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 January 2024 to 31 March 2025	Month of issue	Page
Merger between a parent and its subsidiary in separate financial statements	January 2024	13
Payments contingent on continued employment during handover periods (IFRS 3)	April 2024	13
Climate-related commitments (IAS 37)	April 2024	13
Disclosure of revenue and expenses for reportable segments (IFRS 8)	July 2024	14
Classification of cash flows related to variation margin calls on 'collateralised-to-market' contracts	January 2025	15



Key requirements

Classification of liabilities

Amendments to NZ IAS 1 Classification of Liabilities as Current or Non-Current

Commences to apply for annual reporting periods beginning on or after 1 January 2024.

Amendments to NZ IAS 1 Non-current Liabilities with Covenants

Commences to apply for annual reporting periods beginning on or after 1 January 2024.

A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The NZASB issued amendments to NZ IAS 1 *Presentation of Financial Statements* (NZ IAS 1) - *Classification of Liabilities as Current or Non-Current* to clarify the requirements for classifying liabilities as current or non-current. In particular:

- The amendments specify that the conditions existing at the end of the reporting period are those used to determine if a right to defer settlement of a liability exists
- Management 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 settlement of the liability for the purpose of classifying it as current or non-current

A consequence of the first amendment is that a liability would be classified as current if its repayment conditions failed their test at the reporting date, despite those conditions only becoming effective in the 12 months after the end of the reporting period.

In response to this possible outcome, in May 2023, the NZASB issued Amendments to NZ IAS 1 *Non-current Liabilities with Covenants* to:

- Clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current
- Add presentation and disclosure requirements for non-current liabilities subject to compliance with future covenants within the next 12 months
- Clarify specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date

These amendments apply retrospectively.

Resources

[IFRS Developments Issue 159: Amendments to classification of liabilities as current or non-current \(Updated July 2020\)](#)

[IFRS Developments Issue 209: The IASB amends the requirements for classification of non-current liabilities with covenants \(November 2022\)](#)



Key requirements

Leases

Amendments to NZ IFRS 16 - Lease Liability in a Sale and Leaseback

Commences to apply for annual reporting periods beginning on or after 1 January 2024.

In November 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to NZ IFRS 16 *Leases* (NZ IFRS 16)).

In a sale and leaseback transaction, where the transfer of the asset meets the requirements of NZ IFRS 15 *Revenue from Contracts with Customers* (NZ IFRS 15) to be accounted for as an asset sale, NZ IFRS 16 requires the seller-lessee to measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The standard, however, does not specify how the liability arising in a sale and leaseback is measured. This can be a significant issue when there are variable lease payments. Exclusion of variable lease payments from the initial recognition of the right-of-use asset and leaseback liability could result in the recognition of a gain or loss on the right-of-use asset retained.

The issue has been addressed in the amendment, which specifies that the seller-lessee measures the lease liability arising from the leaseback in such a way that they do not recognise any gain or loss on the sale and leaseback related to the right-of-use asset retained.

After the commencement date, in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of NZ IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of NZ IFRS 16 to the lease liability arising from the leaseback. In applying

paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements do not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of NZ IFRS 16.

The amendment does not prescribe specific measurement requirements for the lease liability arising from a leaseback. The seller-lessee will need to establish an accounting policy that results in information that is relevant and reliable in accordance with NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (NZ IAS 8).

The amendment, however, includes examples illustrating the initial and subsequent measurement of the lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The amendment may represent a significant change in accounting policy for entities that enter into sale and leaseback transactions with such variable payments.

The amendment to NZ IFRS 16 is applied retrospectively to sale and leaseback transactions entered into after the beginning of the annual reporting period in which an entity first applied NZ IFRS 16.

Resource

[*IFRS Developments Issue 206: IASB amends IFRS 16 for lease liability measurement in a sale and leaseback transaction \(September 2022\)*](#)

Key requirements

Financial instruments

Amendment to NZ IAS 7 and NZ IFRS 7 - Disclosures of Supplier Finance Arrangements

Commences to apply for annual reporting periods beginning on or after 1 January 2024.

The amendment provides clarification on the characteristics of supplier finance arrangements. It also introduces new disclosure requirements to assist users in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

A supplier finance arrangement, as clarified by the amendment, has the following characteristics:

- One or more finance providers pay amounts an entity owes to its suppliers
- The entity settles the amounts with the finance providers at the same time or after the date the finance providers pay the suppliers
- As a result, the finance providers provide the entity with extended payment terms, or the suppliers with early payment terms, compared to the original due dates

The amendments require disclosures on the impact of supplier finance arrangements on liabilities and cash flows, including:

- Terms and conditions
- The line items in which the supplier finance arrangement financial liabilities are presented
- Carrying amounts, showing separately those for which the finance providers have settled the corresponding trade payables
- The range of payment due dates of the financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements
- The types and effects of non-cash changes, which prevent the carrying amounts of the financial liabilities from being comparable

The amendments also include supplier finance arrangements as an example of relevant disclosure for quantitative liquidity risk disclosures under NZ IFRS 7 *Financial Instruments: Presentation* (NZ IFRS 7), and provide guidance on aggregation and disaggregation of information.

Resource

[*IFRS Developments Issue 217: Supplier finance arrangements - new disclosure requirements \(May 2023\)*](#)

Amendments to NZ IFRS 9 and NZ IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

Commences to apply for annual 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 settlement date if certain conditions are met
- For the purpose of classifying a financial asset, clarify 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 principle and interest (SPPI) test when determining the measurement basis of financial assets

Key requirements

- Require additional disclosures in 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 \(November 2024\)*](#)

Annual Improvements to NZ IFRS 2024 - Amendments to NZ IFRS 9

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

The NZASB has made the following narrow scope amendments to NZ IFRS 9 *Financial Instruments* (NZ IFRS 9):

- Derecognition of lease liabilities:** Paragraph 2.1 of NZ IFRS 9 has been amended to clarify that, when a lessee determines that a lease liability has been extinguished in accordance with NZ IFRS 9, the lessee is required to apply NZ IFRS 9.3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in NZ IFRS 16 and an extinguishment of a lease liability in accordance with NZ IFRS 9
- Transaction Price:** Paragraph 5.1.3 of NZ IFRS 9 has been amended to replace the reference to 'transaction price as defined by NZ IFRS 15' with 'the amount determined by applying NZ IFRS 15' to avoid confusion

Earlier application is permitted if certain requirements are met.

Resource

[*IFRS Developments Issue 229: IASB issues narrow-scope amendments to five IFRS accounting standards \(June 2024\)*](#)

Annual Improvements to NZ IFRS 2024 - Amendments to NZ IFRS 7

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

The NZASB has made the following narrow scope amendment to NZ IFRS 7:

- Gain or loss on derecognition (paragraph B38):** updated the language on unobservable inputs and added a cross reference to NZ IFRS 13 *Fair Value Measurement* (NZ IFRS 13)
- Introduction to implementation guidance (paragraph IG1):** clarified that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of NZ IFRS 7, nor does it create additional requirements
- Disclosure of deferred difference between fair value and transaction price (paragraph IG14):** amended mainly to make the wording consistent with requirements in NZ IFRS 7 and with the terminology used in NZ IFRS 9 and NZ IFRS 13
- Credit risk disclosures (paragraph IG20B):** amended to simplify the explanation of which aspects of NZ IFRSs are not illustrated in the example

Earlier application is permitted if specific requirements are met.

Resource

[*IFRS Developments Issue 229: IASB issues narrow-scope amendments to five IFRS accounting standards \(June 2024\)*](#)



Key requirements

Audit fees

Amendment to FRS-44 - Disclosure of Fees for Audit Firms' Services

Commences to apply for annual reporting periods beginning on or after 1 January 2024.

The amendment to NZ FRS 44 *New Zealand Additional Disclosures* (FRS-44) aims to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services.

The enhanced disclosures are expected to improve the transparency, and consistency of disclosures about fees paid to an entity's audit or review firm.

Entities are required to disclose the fees incurred for services received from their audit or review firm, and a description of each service, using the following specified categories:

- Audit or review of the financial statements
- Each type of other service performed by the entity's audit or review firm, using the following categories:
 - Audit or review-related services
 - Other assurance services, and other agreed-upon procedures engagements
 - Taxation services
 - Other services

The amendment also requires entities to separately disclose the fees paid to the entity's audit or review firm, as well as any other audit or review firms engaged in any element of the audit or review of the financial statements.

Resource

[Quality Holdings \(New Zealand\) Limited - Illustrative Financial Statements](#)



Key requirements

Group accounts

Amendments to NZ IFRS 10 and NZ IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Commences to apply for annual reporting periods beginning on or after 1 January 2028⁵.

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.

Annual Improvements to NZ IFRS 2024 - Amendments to NZ IFRS 10 - De Facto Agent

Commences to apply for annual periods beginning on or after 1 January 2026. Early application is permitted.

This amendment clarifies that the relationship described in NZ IFRS 10.B74 is just one example of a de facto agent relationship that might exist between the investor and other parties. The intention of this amendment is to remove the inconsistency with the requirement in NZ IFRS 10.B73, which requires an entity to use judgement to determine whether other parties are acting as de facto agents.

Earlier application is permitted if certain requirements are met.

Resource

[IFRS Developments Issue 229: IASB issues narrow-scope amendments to five IFRS accounting standards \(June 2024\)](#)

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.



Key requirements

Presentation and disclosure

NZ IFRS 18 Presentation and Disclosure in Financial Statements

Commences to apply for annual reporting periods beginning on or after 1 January 2027.

NZ IFRS 18 *Presentation and Disclosures in Financial Statements* (NZ IFRS 18) has been issued to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss. The key presentation and disclosure requirements established by NZ IFRS 18 are:

- The presentation of newly defined subtotals in the statement of profit or loss
- The disclosure of management-defined performance measures (MPM)
- Enhanced requirements for grouping information (i.e., aggregation and disaggregation)

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

NZ IFRS 18 introduces three new categories for classification of all income and expenses in the statement of profit or loss: operating, investing, and financing. Additionally, entities will be required to present subtotals for '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.

NZ IFRS 18 also requires several disclosures in relation to MPMs, such as how the measure is calculated, how it provides useful information, and a

reconciliation to the most comparable subtotal specified by NZ IFRS 18 or another standard.

NZ IFRS 18 will replace NZ IAS 1.

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 \(July 2024\)](#)

Key requirements

Other topics

Amendment to NZ IAS 21 - Lack of Exchangeability

Commences to apply for annual reporting periods beginning on or after 1 January 2025.

The NZASB amended NZ IAS 21 *The Effects of Changes in Foreign Exchange Rates* (NZ IAS 21), requiring entities to apply a consistent approach in determining:

- Whether a currency is exchangeable into another currency
- The spot exchange rate to use when it is not exchangeable

The amendment creates a new definition of exchangeable, which explains 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

The amendment also clarifies that a currency is not exchangeable into another currency:

- If an entity can only obtain an insignificant amount of the other currency
- At the measurement date for the specified purpose

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

Earlier application of the amendments is permitted if specific requirements are met.

Resource

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

Annual Improvements to NZ IFRS 2024 - Amendments to NZ IFRS 1

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

NZ IFRS 1 First-time Adoption of NZ IFRS (NZ IFRS 1) B5 and B6 have been amended to include cross references to the qualifying criteria for hedge accounting in NZ IFRS 9 6.4.1(a), (b), and (c). These amendments are intended to address the potential confusion arising from an inconsistency between the wording in NZ IFRS 1 and the requirements for hedge accounting in NZ IFRS 9.

Early application is permitted if certain requirements are met.

Annual Improvements to NZ IFRS 2024 - Amendments to NZ IAS 7

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

Paragraph 37 of NZ IAS 7 *Statement of Cash Flows* (NZ IAS 7) has been amended to replace the term 'cost method' with the phrase 'at cost,' following the deletion of the definition of 'cost method.'

Early application is permitted if certain requirements are met.

Resource

[IFRS Developments Issue 229: IASB issues narrow-scope amendments to five IFRS accounting standards \(June 2024\)](#)



IFRIC Agenda decisions

The IFRS Interpretations committee (IFRIC) issued no recent interpretations. However, it issued several agenda decisions on matters brought to its attention. Whilst IFRIC 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 time⁶ to assess impacts and make required changes.

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

Merger between a parent and its subsidiary in separate financial statements (IAS 27) - January 2024

The IFRIC received a question about how a parent entity that prepares separate financial statements applying IAS 27 *Separate Financial Statements* (IAS 27) accounts for a merger with its subsidiary (which constitutes a business as defined by IFRS 3) in its separate financial statements.

The IFRIC observed that in accounting for the merger transaction in their separate financial statements, parent entities generally do not apply the acquisition method in IFRS 3 and that there is little, if any, diversity in determining whether to apply IFRS 3 to such a transaction.

Based on its findings, the IFRIC concluded that the matter above does not have widespread effect and decided not to add a standard-setting project to the work plan.

Payments contingent on continued employment during handover periods (IFRS 3) - April 2024

The IFRIC received a request about how an entity accounts for payments to the sellers of a business it has acquired if those payments are contingent on the sellers' continued employment during a post-acquisition handover period. Based on evidence gathered, the IFRIC observed that for such fact patterns, entities apply the accounting described in the Agenda Decision *Continuing employment*, published in January 2013, and account for the payments as compensation for post-combination services rather than as additional consideration for the acquisition, unless the service condition is not substantive.

Based on its findings, the IFRIC concluded that the matter above does not have widespread effect and decided not to add a standard-setting project to the work plan.

Climate-related commitments (IAS 37) - April 2024

The IFRIC received a request asking it to clarify whether an entity's voluntary commitment to reduce or offset its greenhouse gas emissions creates a constructive obligation for the entity, and whether it meets the criteria for recognising a provision under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (IAS 37). Additionally, if a provision is recognised, whether the corresponding amount is recognised as an expense or as an asset. In the situation considered, in 20X0 an entity publicly states its commitment:

- To gradually reduce annual greenhouse gas emissions by at least 60% of their current level by 20X9

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.



IFRIC Agenda decisions

- To offset remaining annual emissions in 20X9 and subsequent years by retiring carbon credits purchased from the carbon market

The entity publishes a transition plan setting out how it will gradually modify its manufacturing methods between 20X1 and 20X9 to achieve the reduction in annual emissions.

Additionally, the entity takes several other actions that publicly affirm its intention to fulfil its commitments.

The IFRIC concluded that whether the entity's statement of its commitments to reduce and offset greenhouse gas emissions creates a constructive obligation will depend on the facts of the statement and the circumstances surrounding it.

The IFRIC also concluded that if the statement creates a constructive obligation:

- The entity does not recognise a provision when it makes the statement in 20X0. At that time, the constructive obligation is not a present obligation as a result of a past event
- The entity does not recognise a provision between 20X0 and 20X9 because it does not have a present obligation as a result of a past event until it has emitted the greenhouse gases it has committed to offset
- As the entity emits greenhouse gases in 20X9 and subsequent years, it will incur a present obligation to offset these past emissions. If the entity has not yet settled that obligation and a reliable estimate can be made of the amount of the obligation, the entity recognises a provision

The IFRIC also observed that if a provision is recognised, the corresponding amount is recognised as an expense, rather than as an asset,

unless it gives rise to - or forms part of the cost of - an item that qualifies for recognition as an asset in accordance with an IFRS Accounting Standard.

The IFRIC concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to determine the accounting for the matters considered and decided not to add a standard-setting project to the work plan.

Disclosure of revenue and expenses for reportable segments (IFRS 8) - July 2024

IFRS 8 *Operating Segments* (IFRS 8) requires an entity to disclose specified amounts⁷ for each reportable segment if the specified amounts are:

- Included in the measure of segment profit or loss reviewed by the chief operating decision maker (CODM)
- Or
- Otherwise regularly provided to the CODM, even if it is not included in that measure of segment profit or loss

The Interpretations Committee received a request to clarify three main points:

- Whether an entity is required to disclose the specified amounts if they are not reviewed separately by the CODM
- Whether an entity is required to disclose the specified amounts if the entity presents or discloses them by applying a requirement in NZ IFRS, other than paragraph 97 of IAS 1 *Presentation of Financial Statements*, and
- How an entity determines 'material items'

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.



IFRIC Agenda decisions

The committee observed the following:

- IFRS 8 requires an entity to disclose the specified amounts for each reportable segment when those amounts are:
 - Included in the measure of segment profit or loss reviewed by the CODM, even if they are not separately provided to or reviewed by the CODM
 - Or
 - Regularly provided to the CODM, even if they are not included in the measure of segment profit or loss
- When IAS 1 refers to materiality, it is in the context of 'information' being material. An entity applies judgement in considering whether disclosing, or not disclosing, information in the financial statements could reasonably be expected to influence decisions that users of financial statements make on the basis of those financial statements.
- When disclosing material items of income and expense, entities should:
 - Assess whether information about an item of income and expense is material in the context of its financial statements taken as a whole, by applying paragraph 7 of IAS 1
 - Consider how to aggregate information in its financial statements, by applying paragraph 7 of IAS 1
 - Consider the nature or magnitude of information
 - Consider the 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) - January 2025

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. Such contracts are centrally cleared and 'collateralised-to-market,' where the counterparty makes or receives daily payments based on fluctuations in fair value during the life of the contract, rather than making partial settlements of the contract.

Based on the evidence gathered, the IFRIC observed that relevant requirements in IFRS Accounting Standards should be applied. The IFRIC concluded that the matter does not have a widespread effect and decided not to add a standard-setting project to the work plan.



Key contacts

New Zealand

Lara Truman

Partner

Ernst & Young, New Zealand

Tel: +64 274 899 896

lara.truman@nz.ey.com

Alex Knyazev

Associate Director

Ernst & Young, New Zealand

Tel: +64 21 853 152

alex.knyazev@nz.ey.com

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2025 Ernst & Young, New Zealand.
All Rights Reserved.

EYSCORE 002935-25-AUNZ
ED None

This communication provides general information which is current at the time of production. The information contained in this communication does not constitute advice and should not be relied on as such. Professional advice should be sought prior to any action being taken in reliance on any of the information. Ernst & Young disclaims all responsibility and liability (including, without limitation, for any direct or indirect or consequential costs, loss or damage or loss of profits) arising from anything done or omitted to be done by any party in reliance, whether wholly or partially, on any of the information. Any party that relies on the information does so at its own risk.

ey.com