



Accounting Alert

Quarterly update – Public Benefit Entities

Connect to what's new in financial reporting for 31 December 2025

This quarterly update includes a high-level overview of new and revised financial reporting requirements that need to be considered by public benefit entities for annual and interim financial reporting periods ending on 31 December 2025. Information is also included for September 2025 year-ends for entities who are still finalising their financial statements. [➤](#)

Financial Reporting Standards Update

Key changes for 31 December 2025

A number of amendments become effective for periods beginning on or after 1 January 2026 including PBE IPSAS 1 *Presentation of Financial Reports* which clarifies the distinction between current and non-current liabilities. Entities will need to assess the impact of the new standards and amendments and ensure that relevant policies and processes are in place to implement the changes.

Tier 1 entities also need to consider the new requirements and appropriate disclosure of approved but not yet effective standards. Disclosure requirements relating to new standards are outlined at [Appendix A](#).

Importance of disclosures

Judgement will be required to determine the extent of additional disclosure, which appropriately explains the impact of the new standards and amendments on the financial statements.

XRBA 1 Application of the Accounting Standards Framework

XRBA 1 sets out the tiers for reporting, the standards that apply to each tier and the requirements for transitioning between tiers. Each reporting period, entities should consider whether there have been any changes to the business that would result in a change in reporting or audit requirements under XRBA 1 or other legislative requirements. These could include:

- Changes in public accountability;
- Increases in expenses through growth; and
- For companies, increases in revenue or assets through growth, PBE combinations and additional funding.

You may find our framework publication, '[The New Zealand financial reporting landscape](#)' useful. This publication provides a summary of the legislative and accounting standards requirements for New Zealand entities.

PBE entities: New and revised accounting pronouncements for December 2025

Changes in accounting standards can have a significant impact on an entity's financial statements. New pronouncements should be carefully reviewed for any potential impacts or opportunities.

The tables overleaf outline the new and revised pronouncements that are either required to be applied for the first time for a 31 December 2025 annual or interim reporting period or may be early adopted¹. The footnotes distinguish between mandatory initial application, and pronouncements that were also mandatory in a previous period, as well as provide guidance on early adoption.

In the majority of cases, the disclosure requirements of the individual pronouncements listed in the tables below would not be applicable to half-year financial reports; however, the recognition and measurement requirements would be applied where those pronouncements have been adopted by the entity.

¹ Amendments to PBE FRS 47 *First-time Adoption of PBE Standards* have not been fully considered in this publication. First time adopters should consult the latest version of PBE FRS 47 when preparing their first financial statements in compliance with PBE Standards.

In addition, disclosure of the application of new and revised accounting pronouncements needs to be carefully considered, along with the impact of those that are approved but not yet effective. We have outlined a few considerations in respect of these in [Appendix A](#).

The information below was updated on 19 January 2026 for developments to that date. Further information on each pronouncement can be found in the next section.

| New pronouncements | Effective date* | Year ending | | | | Interim ending | |
|--|-----------------|-------------|-----|----------|-----|----------------|-----|
| | | Sep 2025 | | Dec 2025 | | Dec 2025 | |
| | | PS | NFP | PS | NFP | PS | NFP |
| Amendments to XRB A2 resulting from the Regulatory Systems (Economic Development) Amendment Act 2025 | 29 Sep 2025 | O | O | O | O | O | O |
| 2024 Omnibus Amendments to PBE Standards (Amendments to PBE IPSAS 1)** | 1 Jan 2026 | O | O | O | O | O | O |
| Insurance Contracts in the Public Sector (Amendments to PBE IFRS 17)*** | 1 Jan 2026 | O | N/A | O | N/A | O | N/A |
| PBE Conceptual Framework Update | 1 Jan 2028 | O | O | O | O | O | O |



Key

O

Optional

M

Mandatory for the first time

*

Annual reporting periods beginning on or after this date.

Note regarding early adoption: Standards and amendments issued by the XRB take legal effect 28 days after they are published under the Legislation Act 2019. Early adoption of certain standards and amendments is permitted but not for accounting periods ending before the date those standards and amendments take legal effect.

For recent amendments not yet effective, the table overleaf includes early adoption information.

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Paragraphs 4A and 88A of PBE IAS 12 *Income Taxes* are mandatory for periods ending on or after 21 November 2024. The remainder of the amendments to PBE IAS 12 (paragraphs 88B-88D) are mandatory for periods beginning on or after 1 January 2024 but are available for early application for periods ended after 21 November 2024.

PBE IFRS 17 *Insurance Contracts* applies to not-for-profit PBEs for accounting periods beginning on or after 1 January 2023. In June 2023, the NZASB issued *Insurance Contracts in the Public Sector (Amendments to PBE IFRS 17)*, which includes modifications for public sector entities and requires the application of the amended insurance standard by public sector PBEs for periods beginning on or after 1 January 2026. Public sector PBEs may early adopt PBE IFRS 17, including all amendments, for periods ended on or after 20 July 2023.

Impact of each new and revised pronouncement

The following tables set out information on the impact of the recent new pronouncements (see key on page 2)

| New pronouncements | Effective date | Year ending | | | | Interim ending | |
|--|----------------------------|-------------|--------|----------|--------|----------------|--------|
| | | Sep 2025 | | Dec 2025 | | Dec 2025 | |
| | | PS | NFP | PS | NFP | PS | NFP |
| <p>Amendments to XRB A2 resulting from the Regulatory Systems (Economic Development) Amendment Act 2025</p> <p>XRB A2 was amended to reflect changes to the Financial Reporting Act 2013 (FRA) and its definitions of 'large' and 'specified not-for-profit entity' as a result of the Regulatory Systems (Economic Development) Amendment Act 2025.</p> <p>*The standard must be applied for accounting periods that <u>begin</u> on or after 29 September 2025.</p> | 29 Sep 2025* | O | O | O | O | O | O |
| <p>2024 Omnibus Amendments to PBE Standards (Amendments to PBE IPSAS 1 and PBE IAS 12)</p> <p>2024 Omnibus Amendments to PBE Standards amend PBE IPSAS 1 <i>Presentation of Financial Reports</i> to clarify the current/non-current distinction of liabilities as well as PBE IAS 12 <i>Income Taxes</i> to provide temporary relief from accounting for deferred tax relating to <i>International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)</i>.</p> <p>*Please note that this amendment contains different effective dates for the two standards impacted as explained below.</p> <ul style="list-style-type: none"> PBE IPSAS 1: PBE IPSAS 1 is mandatory for periods beginning on or after 1 January 2026. Early adoption is permitted for periods ended after 21 November 2024. PBE IAS 12: Paragraphs 4A and 88A of PBE IAS 12 are mandatory for periods ending on or after 21 November 2024. <p>The remainder of the amendments to PBE IAS 12 (paragraphs 88B-88D) are mandatory for periods beginning on or after 1 January 2024.</p> | 1 Jan 2024* 1 Jan 2026* | M O | M O | M O | M O | M O | M O |
| <p>Insurance Contracts in the Public Sector (Amendments to PBE IFRS 17)</p> <p>The amendments modify PBE IFRS 17 <i>Insurance Contracts</i> to be suitable for public sector PBEs and require public sector PBEs to apply the standard from 1 January 2026.</p> <p>Key modifications to the standard for application by public sector PBEs include:</p> <ul style="list-style-type: none"> Additional guidance for public sector PBEs on identifying whether an arrangement falls within the scope of PBE IFRS 17; An exemption for public sector PBEs from dividing a portfolio of insurance contracts into groups based on the issue dates and whether the contracts are, or are likely to become, onerous (and a related amendment to the requirements determining the date at which insurance contracts are first recognised); | 1 Jan 2026* | O | N/A | O | N/A | O | N/A |

| New pronouncements | Effective date | Year ending | | | | Interim ending | |
|---|----------------|-------------|-----|----------|-----|----------------|-----|
| | | Sep 2025 | | Dec 2025 | | Dec 2025 | |
| | | PS | NFP | PS | NFP | PS | NFP |
| <ul style="list-style-type: none"> Guidance for public sector PBEs on which cashflows are within the boundary of an insurance contract for the purpose of measuring insurance contracts; A choice for public sector PBE's to apply the premium allocation approach to insurance contracts and reinsurance contracts; and A modification to the transition requirements. <p>*Public sector PBEs may early adopt the amended PBE IFRS 17 for periods ended on or after 20 July 2023.</p> | | | | | | | |
| <p><i>PBE Conceptual Framework Update</i></p> <p>The amendments to the PBE Conceptual framework include the following:</p> <ul style="list-style-type: none"> Updates to the guidance on materiality; Clarification of the concept of 'prudence' in the context of faithful representation; Updates the definition of an asset and a liability and related guidance; and New guidance on: <ul style="list-style-type: none"> the unit of account; and binding arrangements that are equally unperformed. <p>*Early application is permitted for periods ending on or after 19 September 2024.</p> | 1 Jan 2028* | O | O | O | O | O | O |

Appendix A – Shedding light on the new disclosures required

PBE Standards require disclosures in relation to all the new or revised Standards and Interpretations that have had or may have a material impact on the annual financial report of the entity, whether they have been adopted or not. The requirements for interim financial reports are less onerous but must still be considered.

Entities reporting under RDR (Tier 2 entities) are permitted exemptions from certain disclosures as noted below.

Disclosures Required

| Applicability of new or revised pronouncements | Summary of disclosure required | |
|--|---|--|
| | Annual financial statements | Interim financial statements |
| Initial mandatory or voluntary application of a new or revised pronouncement | <p>The relevant pronouncement, the nature of the change in accounting policy, details of any transitional provisions, line-by-line analysis of the effect of the change in policy on the financial statements and the impacts on earnings per share.</p> <p>In addition, each standard may have specific transitional provisions with which the entity needs to comply (PBE IPSAS 3 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraph 33).</p> <p><i>Tier 2 entities would not need to disclose details of transitional provisions.</i></p> <p>When initial application has not had a material impact on the financial statements (and is also not expected to have a material impact in future periods), an entity may wish to include generic disclosure such as:</p> <p><i>“All mandatory Standards, Amendments and Interpretations have been adopted in the current year. None had a material impact on these financial statements.”</i></p> | <p>The nature and effect of any change in accounting policy compared with the most recent annual financial report.</p> <p>(PBE IAS 34 <i>Interim Financial Reporting</i> paragraph 16A(a))</p> <p>PBE IAS 34 does not specify the level of detail of the disclosures required, and accordingly the level of detail may be less than is presented in an annual financial report in accordance with PBE IPSAS 3. However, best practice might suggest that the requirements of PBE IPSAS 3 be used as a guide.</p> <p>An IFRS in Focus Newsletter with more details can be found here.</p> |
| Pronouncement on issue but not adopted | <p>The financial report must disclose which pronouncements have been issued but not adopted in the financial report, when the pronouncements have mandatory application, when those pronouncements are going to be applied by the entity and the possible impact on the entity’s financial report (where known or reasonably estimable).</p> <p>The tables within the body of this update could be reviewed to identify such pronouncements for periods ending 30 September 2025 or 31 December 2025 (updated to 19 January 2026).</p> <p>When initial application is genuinely not expected to have a material impact on the financial statements, an entity may wish to include a generic disclosure such as:</p> <p><i>“There are a number of Standards, Amendments and Interpretations which have been approved but are not yet effective. The Entity expects to adopt these when they become mandatory. None are expected to result in a material impact on the Entity’s financial statements.”</i></p> <p><i>Tier 2 entities are exempt from these disclosures (PBE IPSAS 3.35-36).</i></p> | <p>The impacts of new or revised accounting pronouncements that have not been early adopted are not explicitly required to be disclosed in interim financial reports. Entities should consider making additional disclosures where the effects of these pronouncements are expected to be material and those effects have not been previously disclosed in the prior annual financial report.</p> <p><i>Tier 2 entities are exempt from these disclosures in an annual financial report, and accordingly would also be exempt at the interim period.</i></p> |

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