

JURISDICTIONAL PROFILE: **New Zealand**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in New Zealand. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	External Reporting Board (XRB)
Role of the organisation	The XRB is an independent Crown Entity (ie an entity within the government sector) responsible for the development and issuance of accounting and auditing and assurance standards in New Zealand. The XRB, through its sub-board the New Zealand Accounting Standards Board (NZASB), is the official standard-setting body for New Zealand. It was established under the Financial Reporting Act 1993. Its existence is continued under the Financial Reporting Act 2013.
Website	www.xrb.govt.nz
Email contact	enquiries@xrb.govt.nz

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes, for for-profit entities
What is the jurisdiction's status of adoption?	<p>IFRS Standards are adopted via New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), which are fully converged with IFRS Standards.</p> <p>NZ IFRSs include additional domestic requirements appropriate for New Zealand. These additional requirements do not affect a for-profit entity's ability to assert compliance with IFRS.</p> <p>NZ IFRS is applied by all for-profit entities that have public accountability (as defined) and all for-profit public sector entities that are large (as defined).</p> <p>Other for-profit entities with requirements to prepare general purpose financial statements may elect to apply NZ IFRS with disclosure concessions (i.e. a reduced disclosure regime (NZ IFRS RDR)).</p>
Additional comments provided on the adoption status?	NZ IFRS became mandatory for periods beginning on or after 1 January 2007, with early adoption permitted for periods beginning on or after 1 January 2005.
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?	<p>Domestic companies whose securities trade in a public market are required to apply New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), which are fully converged with IFRS Standards.</p> <p>NZ IFRSs include additional domestic requirements appropriate for New Zealand. These additional requirements do not affect a for-profit entity's ability to assert compliance with IFRS.</p> <p>Additional requirements in NZ IFRSs are typically located in separate domestic standards. These include requirements for summary financial statements, prospective financial statements and additional New Zealand disclosure requirements. NZ IFRS also contains additional requirements for entities with insurance contracts. However, these requirements will be superseded by NZ IFRS 17 <i>Insurance Contracts</i>.</p>
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If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

NZ IFRS is required. As explained above NZ IFRS is fully converged with IFRS Standards with some additional domestic requirements.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

If and when separate company financial statements are prepared, then NZ IFRS is required for separate financial statements of companies whose securities trade in a public market. As explained above, NZ IFRS is fully converged with IFRS Standards with some additional domestic requirements.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

NZ IFRS is required for the following three categories of entities regardless of whether their securities trade in a public market:

- entities that have public accountability (as defined);
- entities that are deemed to have public accountability. Such entities include all public issuers of debt or equity securities, licensed supervisors, registered all banks, deposit takers, insurance providers and superannuation schemes; or
- for-profit public sector entities that are large (as defined).

Other for-profit entities with requirements to prepare general purpose financial statements may elect to apply NZ IFRS with disclosure concessions (i.e. a reduced disclosure regime (NZ IFRS RDR)).

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Foreign companies whose securities are publicly traded in New Zealand are required to apply NZ IFRS. However, the Registrar of Companies and the regulatory body, the Financial Markets Authority, can give exemptions in prescribed circumstances.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

NZ IFRS is required in such cases (unless exempt, as noted above). As explained above, NZ IFRS is fully converged with IFRS Standards with some additional domestic requirements.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?	All IFRS Standards as issued by the Board (Standards and amendments) have been incorporated into NZ IFRS.
The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:	New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and IFRS.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?	Yes.
Are IFRS Accounting Standards incorporated into law or regulations? If yes, how does that process work?	<p>The requirements in IFRS Standards are incorporated into regulation in New Zealand through NZ IFRSs.</p> <p>An NZ IFRS becomes authoritative after the following steps have been completed:</p> <ul style="list-style-type: none"> • the NZASB completes its due process (see section below) and approves the NZ IFRS for issue; • a member of the External Reporting Board (XRB), usually the XRB Chair, signs a certificate authorising the standard; • a notice of the standard's issuance is placed in the New Zealand Gazette, • a copy of the standard is presented to Parliament in accordance with the Legislation Act 2012. <p>A standard takes effect on the 28th day after the date of its public notification in the Gazette.</p>
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place? If yes, what is the process?	<p>Yes.</p> <p>The NZASB follows the process described below to develop New Zealand equivalents to IFRS Standards (NZ IFRS) based on a strategy established by the NZASB's parent body, the External Reporting Board (XRB). The XRB's strategy is to maintain NZ IFRS as a set of standards that are fully converged with IFRS Standards. This means that, unless extreme circumstances exist, the NZASB: (a) will adopt all IFRS Standards; (b) will not amend IFRS recognition and measurement requirements; and (c) will not reduce IFRS disclosure requirements.</p> <p>When the IASB issues a consultation document (such as an exposure draft (ED) or discussion paper (DP)), the NZASB notifies New Zealand constituents that the document has been issued and is available for comment.</p> <p>The notification that an ED has been issued also signals to New Zealand constituents that if no modifications to an IASB ED are identified by the NZASB or by constituents, and the IASB finalises the ED as it is, the IFRS Standard when issued will be adopted into NZ IFRS without further exposure.</p>

The NZASB makes a submission to the IASB if it considers it appropriate to do so. Constituents can comment directly to the IASB or to the NZASB.

Once an IFRS Standard has been issued by the IASB, the NZASB finalises the standard (or other pronouncement) and approves it for issue in accordance with the approval process described in the section above.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?

NZ IFRS is fully converged with IFRS Standards. No accounting policy options permitted by IFRS Standards have been eliminated, nor have any modifications been made to the recognition, measurement and disclosure requirements of IFRS Standards.

If yes, what are the changes?

Not applicable.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?

None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?

Not applicable. English is an official language of New Zealand.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?

Not applicable.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs?

No.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration?

No.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard?

Not applicable.

If the jurisdiction has made any modifications, what are those modifications?

Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

They comply with NZ IFRS RDR: Non-publicly accountable entities or non-large for-profit public sector entities that are required by law to prepare general purpose financial statements can elect to use an NZ IFRS reduced disclosure regime (NZ IFRS RDR). That is, they apply the same recognition and measurement requirements as in NZ IFRS (which are fully converged with IFRS Standards), but with reduced disclosure requirements (based in part on the disclosure concession principles used in *IFRS for SMEs* Standard).

Most small and medium-sized for-profit entities do not have a statutory requirement to prepare financial statements in accordance with GAAP.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard? None.