

Tier 1 and Tier 2 For-Profit Entities

New Accounting Standards effective from 1 January 2020

Last updated: 23 February 2021



EXTERNAL REPORTING BOARD
Te Kāwai Ārahi Pūrongo Mōwaho

When preparing financial statements in accordance with accounting standards issued by External Reporting Board (XRB), it is important for for-profit entities to consider the impact of new accounting standards issued.

Directors, preparers and auditors are encouraged to consider as early as possible the impact of applying new accounting standards.

This publication will assist Tier 1 and Tier 2 for-profit entity's when:

- (a) identifying new accounting standards impacting the preparation of annual financial statements for the first time in the current year; and
- (b) disclosing information about new accounting standards that have been issued but are not yet effective (disclosure only required by Tier 1 entities).¹

Entities must apply professional judgment in determining the impact of new accounting standards, including their relevance to the entity's activities.

The table on the next page provides a checklist of the new accounting standards issued by the XRB as of January 2021, which require first-time application by for-profit entities with a 31 December 2020 year-end or subsequent annual reporting date. Each new standard listed has a link to the full final pronouncement on our website.

New Accounting Standards

The [table](#) on the next page provides a list of all new for-profit accounting standards issued by the XRB as of January 2021 and which are effective for annual reporting periods beginning on or after 1 January 2020, and standards that are effective in subsequent annual reporting periods.

In other words, the list includes all new accounting standards that will require application for the first time by for-profit entities with a year-end (balance date) of 31 December 2020 or subsequent annual reporting date.

Explanatory video

Please refer to the following explanatory video for further information on the effective dates of accounting standards — [What is the effective date for an accounting standard and how does it apply to your reporting entity? What does early adoption mean?](#)

Disclaimer

This publication has been prepared by staff of the External Reporting Board (XRB) for information purposes only. It does not form part of the standards or authoritative publications of the XRB.

¹ Paragraph 30 of NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

New XRB Accounting Standard (link provided to the relevant XRB webpage)	Issue date	Effective date ²	Early adoption permitted	Balance date first-time application required (if not adopted earlier)					
				31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	Later
Going Concern Disclosures (Amendments to FRS-44)	Aug 2020	30 Sep 2020 ³	☑	☑	☑	☑			
New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting (2018 NZ Conceptual Framework)	May 2018	1 Jan 2020	☑	☑	☑	☑	☑		
Updating References to the Conceptual Framework in NZ IFRS	May 2018	1 Jan 2020	☑	☑	☑	☑	☑		
Definition of a Business (Amendments to NZ IFRS 3)	Dec 2018	1 Jan 2020	☑	☑	☑	☑	☑		
Definition of Material (Amendments to NZ IAS 1 and NZ IAS 8)	Dec 2018	1 Jan 2020	☑	☑	☑	☑	☑		
Definition of Material (Amendments to Conceptual Frameworks)	Dec 2018	1 Jan 2020	☑	☑	☑	☑	☑		
2019 Amendments to XRB A1 Appendix A – When is an Entity a Public Benefit Entity?	May 2019	1 Jan 2020	☑	☑	☑	☑	☑		
2019 Omnibus Amendments to NZ IFRS	Sep 2019	1 Jan 2020	☑	☑	☑	☑	☑		
Interest Rate Benchmark Reform	Nov 2019	1 Jan 2020	☑	☑	☑	☑	☑		
Covid-19-Related Rent Concessions	Jun 2020	1 Jun 2020	☑			☑	☑	☑	☑
Extension of the Temporary Exemption from applying NZ IFRS 9 (Amendments to NZ IFRS 4)⁴	Aug 2020	1 Jan 2021	☑					☑	☑
Interest Rate Benchmark Reform—Phase 2	Sep 2020	1 Jan 2021	☑					☑	☑
Annual Improvements to NZ IFRS 2018–2020	Jun 2020	1 Jan 2022	☑						☑
Onerous Contracts—Cost of Fulfilling a Contract	Jun 2020	1 Jan 2022	☑						☑
Property, Plant and Equipment Proceeds before Intended Use	Jun 2020	1 Jan 2022	☑						☑
Reference to the Conceptual Framework	Jun 2020	1 Jan 2022	☑						☑
NZ IFRS 17 Insurance Contracts	Feb 2016	1 Jan 2023 ⁵	☑						☑
Classification of Liabilities as Current or Non-current	Apr 2020	1 Jan 2023 ⁶	☑						☑
Amendments to NZ IFRS 17	Aug 2020	1 Jan 2023	☑						☑
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to NZ IFRS 10 and NZ IAS 28)	Oct 2014	1 Jan 2025 ⁷	☑						☑

² The Standard shall be applied for annual reporting periods beginning on or after the effective date (except if otherwise noted). For example, if an entity has a 31 December balance date, its annual reporting period begins 1 January.

³ The Standard is effective for annual periods ending on or after 30 September 2020.

⁴ This exemption applies only to certain insurers that meet specific criteria.

⁵ The original effective date was 1 January 2021, but in August 2020 it was deferred to 1 January 2023, by the amending standard *Amendments to NZ IFRS 17*.

⁶ The effective date was originally 1 January 2022, but was deferred to 1 January 2023 in August 2020. See *Classification of Liabilities as Current or Non-current – Deferral of Effective Date*.

⁷ The original effective date of this amending standard was 1 January 2016. However, the IASB deferred the effective date of the equivalent amendments indefinitely. In New Zealand, all accounting standards and amendments must have an effective date. Therefore, in New Zealand, the effective date of these amendments is currently deferred to 1 January 2025.