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Accounting Alert

Quarterly update – What's new in financial reporting for December 2014?

This alert includes a high level overview of new and revised financial reporting requirements that need to be considered by for-profit entities for annual and interim financial reporting periods ending on 31 December 2014. Information is also included for March, June and September 2014 year ends. Entities can use this listing to identify areas that may need to be considered further as part of their close process.

In 2012, the External Reporting Board (XRB) separated the NZ IFRS standards into those applicable to for-profit entities and public benefit entities (PBEs). As a result, there is a separate interim suite of NZ IFRS for PBEs which has largely frozen the amendments and new standards included in the NZ IFRS framework, in advance of PBEs moving to the new standards framework. Amendments and new standards were also largely frozen for entities using the differential reporting framework.

The XRB has updated its website to reflect the multiple sets of accounting standards that are now available, so check you are using the right version. Links are provided below.

	For-profit entities	Public sector PBEs	Not-for-profit PBEs
"Old" suite	Applies to periods beginning on or before 30 November 2012 Link **here**	Applies to periods beginning on or before 30 November 2012 Link **here**	Applies to periods beginning on or before 30 November 2012 Link **here**
"Interim" suite	N/A	Applies to periods beginning on or after 1 December 2012 and up to periods beginning on or before 30 June 2014 Link **here**	Applies to periods beginning on or after 1 December 2012 and up to periods beginning on or before 31 March 2015 Link **here**
"New" suite	Applies to periods beginning on or after 1 December 2012 Link **here**	Applies to periods beginning on or after 1 July 2014 Link **here**	Applies to periods beginning on or after 1 April 2015 Link **here**

For December 2014 annual financial statements there are only a handful of new standards and amendments, including the new levies interpretation and amendments for investment entities. Entities will need to assess the impact and ensure that relevant policies and functionalities are in place to implement and comply with the changes. These changes are optional for entities using the differential reporting suite of standards.

There are also a number of new Standards which entities may wish to consider for early adoption.

The information below was updated on 5 December 2014 for developments to that date.

Public benefit entities:

There are no new mandatory standards applicable for PBEs with financial years ending 31 December 2014.

For-profit entities: What are the new and revised accounting pronouncements for December 2014?

As occurs so often with changes in accounting standards and financial reporting requirements, some of the new or revised pronouncements may have a substantial impact on particular entities. Therefore, it is important that the pronouncements listed below are carefully reviewed for any potential impacts or opportunities.

The tables overleaf outline the new and revised pronouncements that are either to be applied for the first time for a 31 December 2014 annual reporting period, or which may be early adopted at that date. The footnotes distinguish between mandatory initial application, and pronouncements which were also mandatory in a previous period. We have also included a link to our Deloitte publications, where appropriate.

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.

In addition, **disclosure** of the application of new and revised accounting pronouncements needs to be carefully considered. We have outlined some considerations in respect of these in Appendix A.

[1] Amendments to NZ IFRS 1 *First-time Adoption of NZ IFRS* have not been considered in this publication. First time adopters should consult the latest version of NZ IFRS 1 when preparing their first financial statements in compliance with NZ IFRS, and consider the impact of NZ IFRS 14 *Regulatory Deferral Accounts* for first-time adopters (if applicable). Entities will also need to monitor approvals between the date of this publication and the date the financial statements are approved.

Summary

The table below sets out the recent new pronouncements and whether they are optional or mandatory for financial years ending 31 March, 30 June or 30 September 2014, and whether they are optional or mandatory for the financial year or interim period ending 31 December 2014. Further information on each pronouncement can be found in the next section.

As noted above, the new or revised standards or interpretations are optional for entities using the differential reporting framework.

		Year Ending				Interim Ending
New Pronouncement	**Effective date***	**Mar 2014**	**Jun 2014**	**Sep 2014**	**Dec 2014**	**Dec 2014**
The New Framework – For-profit Entities						
"New" Accounting Standards Framework – For-profit Entities XRB A1 Accounting Standards Framework	1 Dec 2012	M	M	M	M[2]	M[2]
New or revised Standards or Interpretations						
NZ IFRS 10 *Consolidated Financial Statements*, NZ IAS 27 *Separate Financial Statements* (revised 2011), NZ IAS 28 *Investments in Associates and Joint Ventures* (revised 2011)	1 Jan 2013	M	M	M	M[2]	M[2]
NZ IFRS 11 *Joint Arrangements*	1 Jan 2013	M	M	M	M[2]	M[2]
NZ IFRS 12 *Disclosure of Interests in Other Entities*	1 Jan 2013	M	M	M	M[2]	M[2]
NZ IFRS 13 *Fair Value Measurement*	1 Jan 2013	M	M	M	M[2]	M[2]
NZ IAS 19 *Employee Benefits* (revised 2011)	1 Jan 2013	M	M	M	M[2]	M[2]
NZ IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 Jan 2013	M	M	M	M[2]	M[2]
NZ IFRIC 21 *Levies*	1 Jan 2014	O	O	O	M	M
NZ IFRS 14 *Regulatory Deferral Accounts*	1 Jan 2016	O	O	O	O	O
NZ IFRS 15 *Revenue from Contracts with Customers*	1 Jan 2017	O	O	O	O	O
NZ IFRS 9 *Financial Instruments*	1 Jan 2018	O	O	O	O	O
Other new amendments						
Amendments to NZ IFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*	1 Jan 2013	M	M	M	M[2]	M[2]
Annual Improvements to NZ IFRSs: 2009-2011 Cycle	1 Jan 2013	M	M	M	M[2]	M[2]
Amendments to NZ IFRS 10 *Consolidated Financial Statements,* NZ IFRS 12 *Disclosure of Interests in Other Entities* and NZ IAS 27 *Separate Financial Statements – Investment Entities*	1 Jan 2014	O	O	O	M	M
Amendments to NZ IAS 32 *Offsetting Financial Assets and Financial Liabilities*	1 Jan 2014	O	O	O	M	M
Amendment to NZ IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*	1 Jan 2014	O	O	O	M	M
Amendments to FRS-42 *Prospective Financial Statements*	1 Jan 2014	O	O	O	M	M
Amendments to NZ IAS 19 *Defined Benefit Plans - Employee Contributions*	1 Jul 2014	O	O	O	O	M
Annual Improvements to NZ IFRSs 2010–2012 Cycle	1 Jul 2014	O	O	O	O	M
Annual Improvements to NZ IFRSs 2011–2013 Cycle	1 Jul 2014	O	O	O	O	M
Statutory Funds (Amendments to Appendix C of NZ IFRS 4 *Insurance Contracts) - Life Insurance Entities*	1 Jul 2014	O	O	O	O	M
Fair Value Disclosures by Retirement Benefit Plans (Amendments to NZ IAS 26*)*	1 Jan 2015	O	O	O	O	O
Amendments to NZ IFRS 11 - *Accounting for Acquisitions of Interests in Joint Operations*	1 Jan 2016	O	O	O	O	O
Amendments to NZ IAS 16 *and* NZ IAS 38 *– Clarification of Acceptable Methods of Depreciation and Amortisation*	1 Jan 2016	O	O	O	O	O
Agriculture: Bearer Plants (Amendments to NZ IAS 16 *and* NZ IAS 41*)*	1 Jan 2016	O	O	O	O	O
Equity Method in Separate Financial Statements (Amendments to NZ IAS 27*)*	1 Jan 2016	O	O	O	O	O
Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (Amendments to NZ IFRS 10 *and* NZ IAS 28*)*	1 Jan 2016	O	O	O	O	O
Annual Improvements to NZ IFRSs 2012–2014 Cycle	1 Jan 2016	O	O	O	O	O

Key

O Optional
M Mandatory – first time
M[2] Mandatory – second time
* Annual reporting periods beginning on or after

[2] Mandatory for the second time (i.e. these Amendments were mandatory for first time application in the previous interim/annual reporting periods).

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 3).

We have also included a link to our Deloitte publications, where appropriate.

The New Framework – For-profit Entities	Effective date*	Year Ending Mar 2014	Year Ending Jun 2014	Year Ending Sep 2014	Year Ending Dec 2014	Interim Ending Dec 2014
The "New" Accounting Standards Framework – XRB A1 Accounting Standards Framework	1 Dec 2012	M	M	M	M[2]	M[2]
The "New" Framework is a two sector, multi-tiered Framework. This approach has been adopted in order to meet the differing information needs of each sector's users of financial statements. The for-profit entity framework is based on International Financial Reporting Standards (IFRS), whereas the framework for public benefit entities (PBEs) is based on International Public Sector Accounting Standards (IPSAS). The XRB issued XRB A1: *Accounting Standards Framework*, which has been regularly updated as phases of the New Framework have been finalised. XRB A1 sets out the tiers for reporting, the standards that apply to each tier and the requirements for transitioning between tiers. For periods beginning on or after 1 December 2012 tier 1 for-profit entities will apply NZ IFRS, and tier 2 for-profit entities will apply NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR). Entities will need to carefully consider which tier applies, to determine whether they will be required to apply NZ IFRS or NZ IFRS RDR, or whether they can *continue* to apply NZ IFRS with differential reporting or old GAAP (tiers 3 and 4 respectively) on a transitional basis. Tier 1 and 2 entities applying the New Framework and using NZ IFRS or NZ IFRS RDR will need to consider application of the new pronouncements set out on the following pages. **For tier 3 entities applying NZ IFRS with differential reporting, the applicable pronouncements were frozen from March 2011.** Therefore, consequential amendments resulting from the issue of NZ IFRSs 9–15 (other than to change the effective date of NZ IFRS 9) and any other amending standards issued subsequent to March 2011 are not mandatory for tier 3 entities. However, tier 3 entities may choose to adopt the new pronouncements set out on the following pages. Tier 3 and 4 will be removed with effect from periods beginning on or after 1 April 2015. **Early adoption** The New Framework is now effective for March, June, September and December 2014 balance dates. For earlier periods, early adoption of the New Framework is permitted. Some entities currently applying NZ IFRS in full because they fail the criteria for differential reporting (i.e. the entity is large and has separation between owners and management) may wish to consider early adopting NZ IFRS RDR as it provides significant relief from disclosures. **However, NZ IFRS RDR does not contain any differential reporting measurement concessions** and publicly accountable entities and for-profit public sector entities with total expenses above $30 million will not be able to apply NZ IFRS RDR. **Public Benefit Entities** PBE standards were approved in May 2013 for tier 1 and 2 Public Sector PBEs (PS PBEs) and are applicable for periods beginning on or after 1 July 2014. For not-for-profit PBEs (NFP PBEs), the new standards are effective for periods beginning on or after 1 April 2015 and may be early adopted (tailoring amendments to the NFP PBE tier 1 and 2 standards were issued in October 2014). The simple format reporting standards for tier 3 PS PBEs and NFP PBEs and tier 4 PS PBEs and NFP PBEs were issued in November 2013 and December 2013 respectively. In the meantime, most PBEs will continue to use the current NZ IFRS for PBEs which are now contained in a separate set of standards on the XRB's website.							
							Accounting Alert - Staying on top of developments **Frequently asked questions**

[2] Mandatory for the second time (i.e. these Amendments were mandatory for first time application in the previous interim/annual reporting periods).

The New Framework consists of the following suites of standards:

	For-profit entities Applicable for periods beginning on or after 1 December 2012	Public sector PBEs Applicable for periods beginning on or after 1 July 2014	Not-for-profit PBEs Applicable for periods beginning on or after 1 April 2015
Tier 1	**NZ IFRS** • Publicly accountable[1], or • Large for-profit public sector entities (expenses > $30m)	**PBE standards (PS)** • Publicly accountable[1], or • Large (expenses > $30m)	**PBE standards (NFP)** • Publicly accountable[1], or • Large (expenses > $30m)
Tier 2	**NZ IFRS RDR** • Non-publicly accountable • Non-large for-profit public sector entities • Elect to be in Tier 2	• **PBE standards RDR (PS)** • Non-publicly accountable and non-large • Elect to be in Tier 2	• **PBE standards RDR (NFP)** • Non-publicly accountable and non-large • Elect to be in Tier 2
Tier 3	• **NZ IFRS Diff Rep [removed periods beginning 1 April 2015]** • Non-publicly accountable and either all of its owners are members of the entity's governing body, or it is not large • Large is any two of: revenue > $20 million, assets > $10 million, > 50 employees • Elect to be in Tier 3	• **Simple format (Accrual) (PS)** • Non-publicly accountable and expenses ≤ 2 million • Elect to be in Tier 3	• **Simple format (Accrual) (NFP)** • Non-publicly accountable and expenses ≤ 2 million • Elect to be in Tier 3
Tier 4	• **Old GAAP [removed periods beginning 1 April 2015]** • Non-publicly accountable, not required to file financial statements and not large (as for Tier 3) • Elect to be in Tier 4	• **Simple format (Cash) (PS)** • Entities allowed by law to use cash accounting • Elect to be in Tier 4	• **Simple format (Cash) (NFP)** • Entities allowed by law to use cash accounting • Elect to be in Tier 4

[1] Definition of "publicly accountable":

- Entities that meet the International Accounting Standards Board's (IASB) definition of public accountability:
  - Entities that have debt or equity instruments that are traded, or to be traded, in a public market,
  - Entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.
- Entities deemed to be publicly accountable. With effect from periods beginning on or after 1 April 2014, the definition of "deemed to be publicly accountable" has changed. An entity would be deemed to be publicly accountable in the New Zealand context if:
  - It is a FMC reporting entity or a class of FMC reporting entities that is considered to have a higher level of public accountability than other FMC reporting entities under section 461K of the Financial Markets Conduct Act (FMCA) 2013, or
  - It is an entity or class of entities that is considered to have a higher level of public accountability by a notice issued by the Financial Markets Authority (FMA) under section 461L(1)(a) of the FMCA 2013.

The FMA has yet to designate any entities as having or not having "higher public accountability" and in doing so vary their obligations.

New or revised Standards	Effective date*	Year Ending Mar 2014	Year Ending Jun 2014	Year Ending Sep 2014	Year Ending Dec 2014	Interim Ending Dec 2014
NZ IFRS 10 *Consolidated Financial Statements*, NZ IAS 27 *Separate Financial Statements* (revised 2011), NZ IAS 28 *Investments in Associates and Joint Ventures* (revised 2011)	1 Jan 2013	M	M	M	M[2]	M[2]
NZ IFRS 10 replaces NZ IAS 27 *Consolidated and Separate Financial Statements* and NZ SIC-12 *Consolidation – Special Purpose Entities* and has been issued concurrently with: • NZ IFRS 11 *Joint Arrangements* (see below) • NZ IFRS 12 *Disclosure of Interests in Other Entities* (see below) • NZ IAS 27 *Separate Financial Statements* (revised 2011) – this includes amendments for the issuance of NZ IFRS 10 but retains the current guidance for separate financial statements • NZ IAS 28 *Investments in Associates and Joint Ventures* (revised 2011), this has been amended for conforming changes based on the issuance of NZ IFRS 10 and NZ IFRS 11. Each of the Standards in this 'package of five' has an effective date for annual periods beginning on or after 1 January 2013, with earlier application permitted so long as each of the other Standards in the 'package of five' are also applied early. However, entities are permitted to incorporate any of the disclosure requirements in NZ IFRS 12 into their financial statements without early adopting NZ IFRS 12 (and thereby the Standards in the 'package of five'). The objective of NZ IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee, and the ability to use power over the investee to affect the investor's returns. The Standard provides detailed guidance on how to apply the control principle in a number of situations, including agency relationships and holdings of potential voting rights. An investor would reassess whether it controls an investee if there is a change in facts and circumstances. Transition guidance issued in July 2012 also clarifies the requirements in relation to restatement of comparatives.	**IFRS in Focus Newsletter** **IFRS in Focus Newsletter - Transition Guidance**					
NZ IFRS 11 *Joint Arrangements*	1 Jan 2013	M	M	M	M[2]	M[2]
This Standard supersedes NZ IAS 31 *Interests in Joint Ventures* and NZ SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. NZ IFRS 11 classifies joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (which will include some of the entities currently classified as jointly controlled entities): • a joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities • a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to their interest in the joint operation. However, NZ IFRS 11 requires the use of the equity method of accounting for interests in joint ventures thereby eliminating the proportionate consolidation method. The determination of whether a joint arrangement is a joint operation or a joint venture is based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. Note – this information should also be read in conjunction with the guidance under NZ IFRS 10 above. Transition guidance issued in July 2012 also clarifies the requirements in relation to restatement of comparatives.	**IFRS in Focus Newsletter**					

[2] Mandatory for the second time (i.e. these Amendments were mandatory for first time application in the previous interim/annual reporting periods).

New or revised Standards	Effective date*	Year Ending Mar 2014	Year Ending Jun 2014	Year Ending Sep 2014	Year Ending Dec 2014	Interim Ending Dec 2014
NZ IFRS 12 *Disclosure of Interests in Other Entities*	1 Jan 2013	M	M	M	M[2]	M[2]
This Standard applies to entities that have an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. It establishes disclosure objectives and specifies minimum disclosures that an entity must provide to meet those objectives. An entity should disclose information that helps users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements. The disclosure requirements are extensive and significant effort may be required to accumulate the necessary information. Note – this information should also be read in conjunction with the guidance under NZ IFRS 10 above. Transition guidance issued in July 2012 also clarifies the requirements in relation to restatement of comparatives. *Some disclosure exemptions for Tier 2 and 3 entities.*	**IFRS in Focus Newsletter**					
NZ IFRS 13 *Fair Value Measurement*	1 Jan 2013	M	M	M	M[2]	M[2]
This Standard establishes a single framework for measuring fair value where that is required by other Standards, and applies to both financial and non-financial items measured at fair value. It also introduces a number of new disclosures. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (i.e. an exit price). The consequential amendments to NZ IAS 36 *Impairment of Assets* from NZ IFRS 13 broadened the disclosure requirements in respect of the recoverable amount of assets or cash-generating units. *Amendments to* NZ IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* was issued to rectify this issue. The amendments apply on a **retrospective** basis for annual periods beginning on or after 1 January 2014. An entity may apply the amendments earlier to any period in which it also applies NZ IFRS 13. *Some disclosure exemptions for Tier 2 and 3 entities.*	**IFRS in Focus Newsletter** **IFRS in Focus Newsletter - valuation methodologies** **A Closer Look - fair value measurement of financial instruments**					
NZ IAS 19 *Employee Benefits* (revised 2011)	1 Jan 2013	M	M	M	M[2]	M[2]
The amendments to NZ IAS 19 require the recognition of changes in the defined benefit obligation and in plan assets when those changes occur, eliminating the corridor approach and accelerating the recognition of past service costs. Changes in the defined benefit obligation and plan assets are disaggregated into three components: service costs, net interest on the net defined benefit liabilities/(assets) and remeasurement of the net defined benefit liabilities/(assets). Remeasurements are recognised in other comprehensive income. The recognition and measurement of termination benefits is modified, including distinguishing between benefits provided in exchange for services and benefits provided in exchange for the termination of employment. In addition, several miscellaneous issues are clarified, such as the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features. *Some disclosure exemptions for Tier 2 and 3 entities.*	**IFRS in Focus Newsletter**					

[2] Mandatory for the second time (i.e. these Amendments were mandatory for first time application in the previous interim/annual reporting periods).

New or revised Standards	Effective date*	Year Ending Mar 2014	Year Ending Jun 2014	Year Ending Sep 2014	Year Ending Dec 2014	Interim Ending Dec 2014
NZ IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 Jan 2013	M	M	M	M[2]	M[2]
The Interpretation clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement. The Interpretation requires stripping activity costs which provide improved access to ore to be recognised as a non-current 'stripping activity asset' when certain criteria are met. The stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity, using the units of production method unless another method is more appropriate.		**IFRS in Focus Newsletter**				
NZ IFRIC 21 *Levies*	1 Jan 2014	O	O	O	M	M
The Interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies: • The liability is recognised progressively if the obligating event occurs over a period of time • If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.		**IFRS in Focus Newsletter**				
NZ IFRS 14 *Regulatory Deferral Accounts*	1 Jan 2016	O	O	O	O	O
NZ IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' (i.e. deferred expenses which would not generally qualify for recognition as an asset under NZ IFRS) in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. New Zealand application is expected to be rare. Note: Entities which are eligible to apply NZ IFRS 14 are not required to do so, and so can choose to apply only the requirements of NZ IFRS 1 *First-time Adoption of International Financial Reporting Standards* when first applying NZ IFRSs. However, an entity that elects to apply NZ IFRS 14 in its first NZ IFRS financial statements must continue to apply it in subsequent financial statements.		**IFRS in Focus Newsletter**				
NZ IFRS 15 *Revenue from Contracts with Customers*	1 Jan 2017	O	O	O	O	O
NZ IFRS 15 provides a single, comprehensive principles-based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: • identify the contract with the customer • identify the performance obligations in the contract • determine the transaction price • allocate the transaction price to the performance obligations in the contract • recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. Note: for some entities, the profile of revenue and profit recognition may change significantly.		**IFRS in Focus Newsletter**				

[2] Mandatory for the second time (i.e. these Amendments were mandatory for first time application in the previous interim/annual reporting periods).

New or revised Standards	Effective date*	Year Ending Mar 2014	Year Ending Jun 2014	Year Ending Sep 2014	Year Ending Dec 2014	Interim Ending Dec 2014
NZ IFRS 9 *Financial Instruments*	1 Jan 2018	O	O	O	O	O

Financial assets

NZ IFRS 9 introduces a new classification and measurement regime for financial assets and will need to be carefully considered by each entity. Some key changes include:

- debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances) (however, see below – Revised NZ IFRS 9 (2014) has introduced a further category for debt instruments held to collect the contractual cash flows and for sale)
- investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss
- all other instruments (including all derivatives) are measured at fair value with changes recognised in profit or loss
- the concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines
- all equity investments are measured at fair value (including unquoted equity investments).

Financial liabilities

The classification and measurement regime for financial liabilities has also been issued:

- NZ IAS 39 classification categories of amortised cost and fair value through profit or loss are retained
- changes in credit risk on liabilities designated as at fair value through profit or loss is recognised in other comprehensive income, unless it creates or increases an accounting mismatch, and is not recycled to profit or loss
- the meaning of credit risk is clarified to distinguish between asset-specific and performance credit risk
- the cost exemption in NZ IAS 39 for derivative liabilities to be settled by delivery of unquoted equity instruments is eliminated.

Hedge accounting and credit risk on own liabilities

In November 2013, the hedge accounting reforms to NZ IFRS 9 were approved. Entities may still early adopt NZ IFRS 9, and entities adopting NZ IFRS 9 have an accounting policy choice as to whether to apply the hedge accounting model of NZ IFRS 9 or NZ IAS 39. The key changes to the hedge accounting model are:

- a broadening of the risks eligible for hedge accounting
- changes in the way forward contracts and derivative options are accounted for when in a hedge accounting relationship, which reduces profit or loss volatility
- the effectiveness test has been replaced with the principle of an "economic relationship" and retrospective assessment of effectiveness is no longer required
- enhanced disclosures regarding an entity's risk management activities.

The November 2013 amendments also allow early adoption of the requirement to present fair value changes due to own credit risk on liabilities designated as at fair value through profit or loss in other comprehensive income.

Consequential amendments affecting a number of Standards including NZ IFRS 7 *Financial Instruments: Disclosure* can be found in Appendix C of NZ IFRS 9 (2013), and should be considered. These have been issued with the same effective date as NZ IFRS 9. In June 2014, *RDR Hedge Accounting Disclosures (Amendments to* NZ IFRS 9 (2013)*)* was also issued, setting out disclosure concessions for Tier 2 for-profit entities that apply the hedge accounting requirements in NZ IFRS 9 (2013).

IFRS in Focus Newsletter - deferral

IFRS in Focus Newsletter - financial liabilities

IAS Plus Newsletter - financial assets

IFRS in Focus Newsletter - hedging

IFRS in Focus Newsletter - impairment

New or revised Standards	Effective date*	Year Ending Mar 2014	Year Ending Jun 2014	Year Ending Sep 2014	Year Ending Dec 2014	Interim Ending Dec 2014
NZ IFRS 9 *Financial Instruments (continued)*	1 Jan 2018	O	O	O	O	O

Revised NZ IFRS 9 (2014), including the expected loss impairment model

In July 2014 NZ IFRS 9 (2014) was issued as a complete standard including the requirements previously issued and additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This amendment completes the IASB's financial instruments project and the Standard is effective for reporting periods beginning on or after 1 January 2018 with early adoption permitted. For annual periods beginning before 1 January 2018, an entity may elect to apply an earlier version of NZ IFRS 9 if the entity's date of initial application is before 1 February 2015. The Standard shall be applied retrospectively, subject to certain exceptions (e.g. most hedge accounting is applied prospectively).

A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. The Standard also includes guidance on how sales of financial assets (other than as a result of credit deterioration) should impact the business model assessment, and how debt instruments are classified when the time value of money is modified (e.g. interest rate resets monthly to a one-year rate).

The expected loss impairment model will apply to debt instruments measured at amortised cost or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. The loan loss allowance will be for either 12-month expected losses or lifetime expected losses (the latter applies if credit risk has increased significantly since initial recognition). A different approach applies to purchased or originated credit-impaired financial assets. Extensive disclosure requirements have also been added to NZ IFRS 7 *Financial Instruments: Disclosures.*

Transition disclosures

In December 2011, *Mandatory effective date of NZ IFRS 9 and Transition Disclosures* was approved. This amendment:

- eliminates the requirement to restate comparative periods on initial application of NZ IFRS 9
- includes additional disclosure requirements which are either permitted or required, on the basis of the entity's adoption date and whether the entity chooses to restate comparatives.

IFRS in Focus Newsletter - deferral

IFRS in Focus Newsletter - financial liabilities

IAS Plus Newsletter - financial assets

IFRS in Focus Newsletter - hedging

IFRS in Focus Newsletter - impairment

Other new amendments	Effective date*	Year Ending Mar 2014	Year Ending Jun 2014	Year Ending Sep 2014	Year Ending Dec 2014	Interim Ending Dec 2014
Amendments to* NZ IFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities	1 Jan 2013	M	M	M	M[2]	M[2]
Amends the disclosure requirements in NZ IFRS 7 *Financial Instruments: Disclosures* to require information about all recognised financial instruments that are set off in accordance with NZ IAS 32 *Financial Instruments: Presentation*. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under NZ IAS 32.	**IFRS in Focus Newsletter**					
Annual Improvements to NZ IFRSs: 2009-2011 Cycle	1 Jan 2013	M	M	M	M[2]	M[2]
The annual improvements are largely clarifications, including: • amendments to NZ IAS 1 *Presentation of Financial Statements* which reduce the requirements for comparative information in the event of a change in accounting policy, reclassification or restatement • clarifications regarding classification of servicing equipment. A list of all the topics covered is included in Appendix B. Entities will need to review each individual amendment to identify if any are relevant.	**IFRS in Focus Newsletter**					
Amendments to* NZ IFRS 10 *Consolidated Financial Statements*, NZ IFRS 12 *Disclosure of Interests in Other Entities* and NZ IAS 27 *Separate Financial Statements – Investment Entities	1 Jan 2014	O	O	O	M	M
The amendments set out new requirements for investment entities. Where an entity qualifies as an "investment entity" it does not consolidate its subsidiaries but measures its investments at fair value. Consideration of the criteria for meeting the definition of an "investment entity" will require a degree of judgement based on facts and circumstances, and these changes may impact entities beyond those traditionally seen as investment-type entities.	**IFRS in Focus Newsletter**					
Amendments to* NZ IAS 32 *Offsetting Financial Assets and Financial Liabilities	1 Jan 2014	O	O	O	M	M
Amends NZ IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: • the meaning of 'currently has a legally enforceable right of set-off' • the application of simultaneous realisation and settlement • the offsetting of collateral amounts • the unit of account for applying the offsetting requirements.	**IFRS in Focus Newsletter**					
Amendment to* NZ IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting	1 Jan 2014	O	O	O	M	M
Amends NZ IAS 39 *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	**IFRS in Focus Newsletter**					
Amendments to* FRS 42 *Prospective Financial Statements	1 Jan 2014	O	O	O	M	M
The amendments resolve a conflict between the requirements of FRS 42 to present prospective financial statements in respect of an annual period, and the requirements of the Securities Regulations 2009 (in certain cases) to present prospective financial statements in respect of an interim period. The amendments to FRS 42 permit an entity to present prospective financial statements in respect of an interim period but also require the entity, under FRS 44, to present a comparison of actual amounts versus the previously published prospective interim financial information in the subsequent interim financial statements.						

[2] Mandatory for the second time (i.e. these Amendments were mandatory for first time application in the previous interim/annual reporting periods).

Other new amendments	Effective date*	Year Ending Mar 2014	Jun 2014	Sep 2014	Dec 2014	Interim Ending Dec 2014
Amendments to* NZ IAS 19 *Defined Benefit Plans - Employee Contributions	1 Jul 2014	O	O	O	O	M
The amendments reduce the complexity of allocating employee or third party contributions to a defined benefit plan to periods of service using the projected unit credit method. Instead, entities are permitted to account for contributions which are independent of the number of years of service, as a reduction in the service cost in the same period in which they are payable (e.g. where the contribution is a fixed percentage of an employee's salary). This is an accounting policy choice. Other contributions are required to be attributed to periods of service either using the plan's contribution formula, or on a straight line basis.	**IFRS in Focus Newsletter**					
Annual Improvements to NZ IFRSs 2010–2012 Cycle	1 Jul 2014	O	O	O	O	M
The annual improvements are largely clarifications, covering: • the definition of vesting condition in NZ IFRS 2 *Share-based Payments* • accounting for contingent consideration in a business combination under NZ IFRS 3 *Business Combinations* • disclosure re aggregating operating segments under NZ IFRS 8 *Operating Segments* • fair value of short term receivables and payables under NZ IFRS 13 *Fair Value Measurement* • restatement of accumulated depreciation/amortisation under the revaluation method in NZ IAS 16 *Property, Plant and Equipment* and NZ IAS 38 *Intangible Assets* • management entities providing key management personnel services to a reporting entity under NZ IAS 24 *Related Party Disclosures*. A list of all the topics covered is included in Appendix B. Entities will need to review each individual amendment to identify if any are relevant.	**IFRS in Focus Newsletter**					
Annual Improvements to NZ IFRSs 2011–2013 Cycle	1 Jul 2014	O	O	O	O	M
These annual improvements are also largely clarifications, including clarification of the: • scope exclusion for joint ventures under NZ IFRS 3 *Business Combinations* • scope of the portfolio exception under NZ IFRS 13 *Fair Value Measurement* • interrelationship between NZ IFRS 3 *Business Combinations* and NZ IAS 40 *Investment Property*. A list of all the topics covered is included in Appendix B. Entities will need to review each individual amendment to identify if any are relevant.	**IFRS in Focus Newsletter**					
Statutory Funds (Amendments to Appendix C of* NZ IFRS 4 *Insurance Contracts) - Life Insurance Entities	1 Jul 2014	O	O	O	O	M
To be consistent with the Amendments to the Insurance (Prudential Supervision) Act 2010, Appendix C of NZ IFRS 4 now requires disclosures in relation to the statutory funds of life insurance entities under that Act. In addition, entities are now required to disclose disaggregated information for each life fund (previously entities distinguished only between investment linked business and non-investment linked business).						
Fair Value Disclosures by Retirement Benefit Plans (Amendments to* NZ IAS 26*)	1 Jan 2015	O	O	O	O	O
These amendments require additional New Zealand specific disclosures regarding the fair value hierarchy and retirement benefit plan investments measured at fair value in accordance with NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans*.						
Amendments to* NZ IFRS 11 *- Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016	O	O	O	O	O
Amends NZ IFRS 11 *Joint Arrangements* to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in NZ IFRS 3 *Business Combinations*) to: • apply all of the business combinations accounting principles in NZ IFRS 3 and other NZ IFRSs, except for those principles that conflict with the guidance in NZ IFRS 11 • disclose the information required by NZ IFRS 3 and other NZ IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). Note: The amendments apply prospectively to acquisitions of interests in a joint operations in which the activities of the joint operations constitute businesses, as defined in NZ IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognised for acquisitions of interests in joint operations occurring in prior periods are not adjusted.	**IFRS in Focus Newsletter**					

Other new amendments	Effective date*	Year Ending Mar 2014	Year Ending Jun 2014	Year Ending Sep 2014	Year Ending Dec 2014	Interim Ending Dec 2014
Amendments to* NZ IAS 16 *and* NZ IAS 38 – *Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016	O	O	O	O	O
Amends NZ IAS 16 *Property, Plant and Equipment* and NZ IAS 38 *Intangible Assets* to: • clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment • introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated • add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.	**IFRS in Focus Newsletter**					
***Agriculture: Bearer Plants (Amendments to* NZ IAS 16 *and* NZ IAS 41)**	1 Jan 2016	O	O	O	O	O
The amendments bring bearer plants, which are used solely to grow produce, into the scope of NZ IAS 16 *Property, Plant and Equipment* (and out of the scope of NZ IAS 41 *Agriculture*) so that they are accounted for in the same way as property, plant and equipment. A bearer plant is defined as "a living plant that: • is used in the production or supply of agricultural produce; • is expected to bear produce for more than one period; and • has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales." The amendments also clarify that produce growing on bearer plants continues to be accounted for under NZ IAS 41 and that government grants related to bearer plants no longer fall into the scope of NZ IAS 41 but need to be accounted for under NZ IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* For cost benefit reasons, the amendments permit the use of fair value as deemed cost on transition. The amendments apply retrospectively to annual periods beginning on or after 1 January 2016, with early application permitted.	**IFRS in Focus Newsletter**					
***Equity Method in Separate Financial Statements (Amendments to* NZ IAS 27)**	1 Jan 2016	O	O	O	O	O
The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements, and now allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements • at cost; • in accordance with NZ IFRS 9 *Financial Instruments* (or NZ IAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted NZ IFRS 9); or • using the equity method as described in NZ IAS 28 *Investments in Associates and Joint Ventures*. The accounting option must be applied by category of investments. Dividends are recognised in profit or loss unless the investment is accounted for using the equity method, in which case the dividend is recognised as a reduction from the carrying amount of the investment. The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred. In addition to the amendments to NZ IAS 27 *Separate Financial Statements*, there are consequential amendments to NZ IAS 28 to avoid a potential conflict with NZ IFRS 10 *Consolidated Financial Statements* and to NZ IFRS 1 *First-time Adoption of International Financial Reporting Standards.*	**IFRS in Focus Newsletter**					

Other new amendments	Effective date*	Year Ending Mar 2014	Year Ending Jun 2014	Year Ending Sep 2014	Year Ending Dec 2014	Interim Ending Dec 2014
Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (Amendments to* NZ IFRS 10 *and* NZ IAS 28*)	1 Jan 2016	O	O	O	O	O
The amendments clarify that in a transaction involving an associate or joint venture, the extent of the gain or loss recognised is dependent upon whether the assets sold or contributed constitute a business, as defined in NZ IFRS 3 *Business Combinations*. A gain or loss is recognised in full where an entity: • sells or contributes assets constituting a business to a joint venture or associate; or • loses control of a subsidiary that contains a business but retains joint control or significant influence. Where the sold or contributed assets do not constitute a business, or where the subsidiary over which control was lost does not contain a business then the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated. The amendments apply prospectively to annual periods beginning on or after 1 January 2016, with early application permitted.	**IFRS in Focus Newsletter**					
Annual Improvements to NZ IFRSs 2012–2014 Cycle	1 Jan 2016	O	O	O	O	O
These annual improvements are also largely clarifications, covering: • changes in methods of disposal under NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* • servicing contracts and applicability of the amendments to NZ IFRS 7 on offsetting disclosure to condensed interim financial statements. • discount rate: regional market issue - NZ IAS 19 *Employee Benefits*. • disclosure of information "elsewhere in the interim report" in accordance with the requirements of NZ IAS 34 *Interim Financial Reporting*. A list of all the topics covered is included in Appendix B. Entities will need to review each individual amendment to identify if any are relevant.	**IFRS in Focus Newsletter**					

Appendix A – Shedding light on the disclosures required

NZ IFRS requires 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.

The disclosure requirements surrounding new or revised accounting pronouncements are specified by:

- for annual reporting periods – NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- for interim reporting periods – NZ IAS 34 *Interim Financial Reporting*.

Entities which qualify for differential reporting (Tier 3 entities) and entities reporting under NZ IFRS RDR (Tier 2 entities) are permitted exemptions from certain disclosures as noted below.

What disclosures are required?

Applicability of new or revised pronouncement	Summary of disclosures required	
	Annual financial report	**Interim financial report**
Initial mandatory or voluntary application of a new or revised pronouncement	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. *Tier 2 entities would not need to disclose details of transitional provisions.* (NZ IAS 8.28) 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 a generic disclosure such as: *"All mandatory Standards, Amendments and Interpretations have been adopted in the current year. None had a material impact on these financial statements."*	The nature and effect of any change in accounting policy compared with the most recent annual financial report. (NZ IAS 34.16A(a)) NZ 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 NZ IAS 8. However, best practice might suggest that the requirements of NZ IAS 8 be used as a guide.
Pronouncement on issue but not adopted	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). The tables within the body of this update could be reviewed to identify such pronouncements for periods ending 31 March, 30 June, 30 September or 31 December 2014 (updated to 5 December 2014). When initial application is not expected to have a material impact on the financial statements, an entity may wish to include a generic disclosure such as: *"There are a number of Standards, Amendments and Interpretations which have been approved but are not yet effective. The Company expects to adopt these when they become mandatory. None are expected to result in a material impact on the Company's financial statements."* *Tier 2 and 3 entities are exempt from these disclosures.* (NZ IAS 8.30-31)	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. *Tier 2 and 3 entities are exempt from these disclosures in an annual financial report, and accordingly would also be exempt at the interim period.*

Example disclosures can be found in our global model financial statements, at the following link: **Model financial statements**

Deciding on the early adoption of Interpretations

Interpretations that merely interpret the requirements of existing Standards are often considered best practice and so would ordinarily be adopted at an entity's next reporting date or at the mandatory adoption date.

Other Interpretations that effectively introduce new recognition and measurement requirements not explicitly covered under existing Standards might not ordinarily be early adopted, particularly where they change established industry practice and/or require substantial effort to implement.

Accordingly, where an Interpretation is on issue but is not yet mandatory, entities should carefully consider the requirements of each Interpretation and its potential impacts when making a decision whether early adoption is appropriate.

Do the annual disclosures extend to pronouncements issued by the IASB/IFRIC where an equivalent New Zealand pronouncement has not been approved at the date of signing the financial report?

Yes

Although not technically required by paragraph 30 of NZ IAS 8, "for-profit" entities should disclose the information required by that paragraph (where material) in relation to a Standard or Interpretation issued by the IASB/IFRIC where an equivalent New Zealand Standard or Interpretation has not been approved at the date of signing the financial report. This approach ensures that the entity can make an unreserved statement of compliance with IFRS as required by paragraph 16 of NZ IAS 1 *Presentation of Financial Statements*.

As at 5 December 2014, there are no pronouncements approved by the IASB/IFRIC which have not also been approved in New Zealand.

Example disclosure:

The following wording, amended from the wording in our model financial statements, may be used in these circumstances:

'At the date of authorisation of the financial report, the following Standards and Interpretations, including those Standards or Interpretations issued by the IASB/IFRIC where an equivalent New Zealand Standard or Interpretation has not been approved, were on issue but not yet effective.'

Where this wording is utilised, the relevant IASB/IFRIC Standards and Interpretations should be cited by their IASB or IFRIC references and names, e.g. IFRIC X, IFRS Y, etc. Any Standards and Interpretations already approved by the NZASB should be cited by their New Zealand references and names.

Appendix B – Annual Improvements

The IASB undertakes an annual project to pass necessary but non-urgent amendments to Standards and Interpretations. This appendix includes a list of the Standards affected and subject matters of the amendments passed in the IASB's annual improvement projects as follows:

2009-2011 cycle:

NZ IFRS	Subject of amendment
NZ IAS 1 *Presentation of Financial Statements*	Additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of NZ IAS 1. An entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification which has a material effect on the information in the statement of financial position at the beginning of the preceding period would present the statement of financial position at the end of the current period and the beginning and end of the preceding period. Other than disclosure of certain specified information, related notes are not required to accompany the opening statement of financial position as at the beginning of the preceding period.
NZ IAS 16 *Property, Plant and Equipment*	Spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in NZ IAS 16 and as inventory otherwise.
NZ IAS 32 *Financial Instruments: Presentation*	Income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with NZ IAS 12 *Income Taxes*.
NZ IAS 34 *Interim Financial Reporting*	The total assets and total liabilities for a particular reportable segment would be separately disclosed in interim financial reporting only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

(Applicable for periods beginning on or after 1 January 2013)

2010-2012 cycle:

NZ IFRS	Subject of amendment
NZ IFRS 2 *Share-based Payments*	The definition of vesting condition and market condition are amended and the definition of performance condition and service condition are added (which were previously included within the definition of vesting condition).
NZ IFRS 3 *Business Combinations*	Clarifies that contingent consideration that is classified as an asset or a liability, whether financial or non-financial, should be measured at fair value at each reporting date. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss.
NZ IFRS 8 *Operating Segments*	Requires an entity to disclose judgements made in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". Clarifies that a reconciliation of segment assets is only required if the segment assets are regularly provided to the chief operating decision-maker.
NZ IFRS 13 *Fair Value Measurement*	Clarifies that the issuance of NZ IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.
NZ IAS 16 *Property, Plant and Equipment* and NZ IAS 38 *Intangible Assets*	Clarifies that on revaluation: • the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset (e.g. proportionately) and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses, or • accumulated depreciation/amortisation is eliminated against the gross carrying amount.
NZ IAS 24 *Related Party Disclosures*	Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

(Applicable for periods beginning on or after 1 July 2014)

2011-2013 cycle:

NZ IFRS	Subject of amendment
NZ IFRS 3 *Business Combinations*	The scope section was amended to clarify the Standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.
NZ IFRS 13 *Fair Value Measurement*	The scope of the portfolio exception for measuring the fair value of a group of financial assets and liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with NZ IAS 39 *Financial Instruments: Recognition and Measurement* or NZ IFRS 9 *Financial Instruments*, even if those contracts do not meet the definitions of financial assets or liabilities under NZ IAS 32 *Financial Instruments: Presentation*.
NZ IAS 40 *Investment Property*	The amendment clarifies that NZ IAS 40 and NZ IFRS 3 are not mutually exclusive and application of both standards may be required.

(Applicable for periods beginning on or after 1 July 2014)

2012-2014 cycle:

NZ IFRS	Subject of amendment
NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	When an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued: • such reclassifications are not considered changes to a plan of sale or a plan of distribution to owners. The classification, presentation and measurement requirements applicable to the new method of disposal should be applied; and • assets that no longer meet the criteria for held for distribution to owners (and do not meet the criteria for held for sale) are treated in the same way as assets that cease to be classified as held for sale.
NZ IFRS 7 *Financial Instruments: Disclosures*	Provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purposes of the disclosures required in relation to transferred assets. Clarifies that the offsetting disclosures are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with NZ IAS 34 *Interim Financial Reporting*.
NZ IAS 19 *Employee Benefits*	High quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments result in the depth of the market for high quality corporate bonds being assessed at currency level.
NZ IAS 34 *Interim Financial Reporting*	The amendments require that information required by NZ IAS 34 that is presented elsewhere, outside the interim financial statements, is incorporated by way of a cross-reference from the interim financial statements to the other statement (e.g. management commentary) and that the other statement is to be made available to users on the same terms and at the same time as the interim financial statements.

(Applicable for periods beginning on or after 1 January 2016)

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