Refer to our New Zealand Financial Reporting Framework booklet for more information on changes to filing, preparation and audit requirements.

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Key changes

to the New Zealand accounting standards framework

The new financial reporting regime is complex.

We can help you make sense of it.

There will be changes to the filing, preparation and audit requirements for both overseas and New Zealand-owned businesses. Depending on your circumstances, the new accounting framework could mean compliance with new standards and disclosure requirements or that general purpose financial statements are no longer required.

There are differing time periods for adoption. Opt-out resolutions are required six months prior to your balance date or by the close of your AGM held during the period.

Let us help you work out what is best for your business.

1 Scoping assessment and conversions workshops

2 Accounting advice on policy and disclosure changes

3 New financial statement templates and compilation

4 Deferred tax and cash flow solutions

5 Compliance reviews, training and support

The most significant changes for businesses will be for those required to transition to the accounting frameworks listed below:

Continual preparation of general purpose financial statements

NZ IFRS differential reporting → NZ IFRS RDR (Reduced Disclosure Regime)

- A Statement of Cash Flows must be prepared.
- Deferred tax must be accounted for.
- Full compliance with recognition and measurement requirements of NZ IFRS. Key changes include:
  - Taxes payable method is no longer allowed (NZ IAS 12);
  - Capitalising of borrowing costs (NZ IAS 23);
  - Settlement rate required for foreign currency transactions (NZ IAS 21);
  - Tax depreciation rates for Property, Plant & Equipment no longer permitted (NZ IAS 16);
  - Capitalisation of development costs meeting recognition criteria is required (NZ IAS 38);
  - Biological assets accounted for at FV or cost (NZ IAS 41);
  - Impairment tests required for goodwill and intangible assets with indefinite useful lives annually (NZ IAS 38); and
  - Completed contracts method no longer allowed, percentage of completion method must be used (NZ IAS 18).
- Adoption of new accounting standards:
  - NZ IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities;
  - NZ IFRS 9 Financial Instruments;
  - NZ IFRS 10 Consolidated Financial Statements;
  - NZ IFRS 11 Joint Arrangements;
  - NZ IFRS 12 Disclosure of Interests in Other Entities;
  - NZ IFRS 13 Fair Value Measurements;
  - NZ IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine; and
  - NZ IFRIC 21 Levies.
- Changes to disclosure requirements, including:
  - Information about discontinued operations and disposal of non-current assets;
  - Additional information about financial instruments, inventories, construction contracts, leases, intangible assets, investment properties, business combinations and agricultural assets.

Old (NZ) GAAP → NZ IFRS RDR

- Full adoption of recognition, measurement and RDR disclosure requirements of NZ IFRS. This change involves a significant amount of complexity which we would be happy to work through with you in a free conversion work shop.

Preparation of special purpose financial statements

NZ IFRS differential reporting /old GAAP → Special Purpose

- Required to prepare special purpose financial statements for the accounting year commencing 1 April 2014;
- At a minimum, compliance with IRD's "Tax administration (Financial Statements) Order 2014";
- Preparation of financial statement to tax reconciliation;
- Working out your company's individual circumstances, including the appropriate accounting policies and disclosure to meet your requirements.

This is not intended to be a complete list, for a full comprehensive list please speak to your usual KPMG contact.