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AIFRS, NZ IFRS and IFRS – similar but not the same

PricewaterhouseCoopers

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The Australian Accounting Standards Board (AASB) and the New Zealand Accounting Standards Review Board (ASRB) have adopted international financial reporting standards (IFRS) by issuing them as “Australian equivalents” (AIFRS) and New Zealand equivalents (NZ IFRS) respectively.

Some of the Australian and New Zealand equivalent standards are different from their international counterparts, because some of the options available in IFRS have been disallowed, and some existing guidance and disclosure requirements from previous Australian and New Zealand standards have been retained.

PricewaterhouseCoopers has prepared this publication to help you identify where AIFRS and NZ IFRS differ from IFRS and from each other. It aims to assist you determine where those differences may result in non compliance with IFRS due to a divergence between financial reports prepared under each of the standards.

This publication does not detail all possible differences in application of AIFRS, NZ IFRS and IFRS. In addition, both AIFRS and NZ IFRS apply to all sectors (for-profit, public sector and not-for profit) whereas IFRS applies only to for-profit entities. While there are additional requirements in AIFRS and NZ IFRS that apply only to the public sector and not-for-profit entities, this publication highlights only the differences that apply to for-profit entities.

Appendices to IFRS standards that are not an integral part of the standard are not reproduced in the equivalent NZ IFRS. These include bases for conclusions, implementation guidance and illustrative examples.

Differential reporting exemptions are not covered in this publication.

Remember:

- there are some differences in AIFRS and NZ IFRS which relate to the application of these standards to not-for-profit entities, including the public sector, which are not identified in this publication.

- while we have identified the most important differences in the AIFRS and NZ IFRS Appendices and Implementation Guidance, we have not examined these in detail.

- we have not examined the impact of Australian-only or New Zealand-only standards which are being retained post-transition (eg Australian standards AASB 1038 Life Insurance Contracts and AASB 1023 General Insurance Contracts and New Zealand standards FRS-29: Prospective financial information and FRS-39: Summary financial reports).

- we have not detailed the application paragraphs added to each standard by the AASB and ASRB, as these generally have minimal impact.

- Additional non-mandatory guidance was originally added to some Australian equivalents to IFRS by the AASB. At its April 2006 meeting, the AASB resolved to remove Australian guidance from:
    - AASB 1 First-time Application of Australian Equivalents to International Financial Reporting Standards;
    - AASB 102 Inventories;
    - AASB 116 Property, Plant and Equipment;
    - AASB 119 Employee Benefits;
    - AASB 127 Consolidated and Separate Financial Statements;
    - AASB 128 Investments in Associates;
    - AASB 129 Financial Reporting in Hyperinflationary Economics;
    - AASB 137 Provisions, Contigent Liabilities and Contingent Assets; and
    - AASB 141 Agriculture.

The application of some of this Australian guidance may lead to non-compliance with IFRS.

SUMMARY OF KEY DIFFERENCES

IFRS title	Australia	New Zealand
IAS 1: Presentation of Financial Statements	AASB 101: Requires some additional disclosures, including auditor's remuneration and details of franking credits. Where the Australian currency is not the presentation currency, AASB 101 requires disclosure of the reason for, and justification of, the use of another currency. No departure from accounting standards is allowed.	NZ IAS 1: Requires some additional disclosures, including auditor's remuneration and donations made. Additional reporting requirements when prospective financial information is provided. No departure from financial reporting standards is allowed.
IAS 2: Inventories	AASB 102: No significant differences.	NZ IAS 2: No significant differences.
IAS 7: Cash Flow Statements	AASB 107: Requires cash flow statements to be prepared using the direct method. It does not allow the use of the indirect method, which is an alternative method of presenting cash flow statements allowed in IAS 7. In addition, dividends paid must be classified as a financing cash flow under AASB 107.	NZ IAS 7: Requires cash flow statements to be prepared using the direct method. It does not allow the use of the indirect method, which is an alternative method of presenting cash flow statements allowed in IAS 7.
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	AASB 108: No significant differences.	NZ IAS 8: No significant differences.
IAS 10: Events after the Balance Sheet Date	AASB 110: No significant differences.	NZ IAS 10: No significant differences.
IAS 11: Construction Contracts	AASB 111: No significant differences.	NZ IAS 11: No significant differences.
IAS 12: Income Taxes	IAS 12 allows for a choice in presenting the relationship between tax expense (income) and accounting profit. AASB 112 removes this choice, and only allows the relationship to be presented as a reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate.	NZ IAS 12: Requires disclosure of movements in the imputation credit account and dividend withholding payments account of the parent and credits available to shareholders of the parent at balance sheet date.
IAS 14: Segment Reporting	AASB 114: The scope of AASB 114 has been widened to include reporting entities and entities whose financial reports are general purpose financial reports.	NZ IAS 14: No significant differences.
IAS 16: Property, Plant and Equipment	AASB 116: No significant differences.	NZ IAS 16: Under the revaluation model, most valuations must be conducted either by an independent valuer or subject to the review of an independent valuer.
IAS 17: Leases	AASB 117: No significant differences.	NZ IAS 17: No significant differences.
IAS 18: Revenue	AASB 118: No significant differences.	NZ IAS 18: No significant differences.

IAS 19: Employee Benefits	AASB 119: Issued in July 2004, AASB 119 requires actuarial gains and losses to be recognised immediately. However, in December 2004 the AASB amended AASB 119, with effect from 1 January 2006, to allow the use of the corridor approach as well as an additional option to recognise actuarial gains and losses in equity. The amended version is available for early adoption at 1 January 2005 and reflects the provisions of IAS 19. AASB 119 specifies that market yields on government bonds should be used to discount post employment benefit obligation denominated in Australian currency rather than using a high quality corporate bond rate. AASB 119 requires some additional disclosures.	NZ IAS 19: No significant differences.
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance	AASB 120: Does not permit government grants relating to property, plant and equipment or intangible assets to be accounted for by deducting them from the costs of a relevant asset. Instead it requires them to be presented as deferred income, which may give rise to consequential tax adjustments or other tax implications.	NZ IAS 20: If a non-monetary asset is received by way of a grant and is recorded at a nominal amount the fair value of the grant must be disclosed. If an asset is received by way of a grant and the grant has been deducted from the carrying amount of the asset or if the grant is recognised as deferred income, the fair value of the grant received, the amount deducted or deferred and the number of years of the deferral must be disclosed. If a grant is deducted from the related expense, the fair value of the grant received must be disclosed.
IAS 21: The Effects of Changes in Foreign Exchange Rates	AASB 121: No significant differences.	NZ IAS 21: No significant differences.
IAS 23: Borrowing Costs	AASB 123: No significant differences.	NZ IAS 23: No significant differences.
IAS 24: Related Party Disclosures	AASB 124: Requires disclosing entities to make significant additional disclosures for key management personnel.	NZ IAS 24: No significant differences.
IAS 26: Accounting and Reporting by Retirement Benefit Plans	Australian standard AAS 25 applies to financial reports of superannuation plans in the private and public sectors.	NZ IAS 26: A large number of paragraphs have been added, as described in the “key differences” section.
IAS 27: Consolidated and Separate Financial Statements	AASB 127: Adopts the concept of the “reporting entity” in determining whether a parent of a group is required to present consolidated financial statements. In contrast, IAS 27 requires four conditions to be met for a parent to be able to elect not to prepare consolidated financial statements. AASB 127 requires additional disclosures to explain why control exists where the parent does not hold more than 50% of voting power.	NZ IAS 27: No significant differences.

IAS 28: Investments in Associates	AASB 128: Requires some extra disclosures and also provides additional implementation guidance.	NZ IAS 28: Requires disclosure on an aggregate basis of movements in the carrying amount of investments in associates. It also requires disclosure of the amount of goodwill included in the carrying amounts at beginning and end of the period.
IAS 29: Financial Reporting in Hyperinflationary Economies	AASB 129: No significant differences.	NZ IAS 29: No significant differences.
IAS 30: Disclosures in the Financial Statements of Banks and Similar Financial Institutions	AASB 130: This standard has been superseded by AASB 7.	NZ IAS 30: Relevant to banks, building societies, credit unions, finance companies, money market dealers, merchant banks, some intra-group financiers and other entities that are broadly involved in financial intermediation. It is unlikely to apply to general insurers, life insurers, superannuation schemes, entities that primarily invest in equity instruments and some entities that are wholly funded and controlled by related parties. A large number of additional disclosures are required, as detailed in the “key differences” section.
IAS 31: Interests in Joint Ventures	AASB 131: Does not permit the use of the proportionate consolidation method to account for interests in jointly controlled entities. The equity method of accounting is required except in limited circumstances.	NZ IAS 31: No significant differences.
IAS 32: Financial Instruments: Disclosure and Presentation	AASB 132: No significant differences, however a warning has been included regarding the *Corporations Act* prohibition from a company acquiring shares in itself.	NZ IAS 32: No significant differences.
IAS 33: Earnings per Share	AASB 133: Allows an entity that has undergone a major capital restructuring to use an alternative denominator in calculating basic and diluted earnings per share. It requires additional disclosures in relation to the weighted average number of converted, lapsed or cancelled potential ordinary shares.	NZ IAS 33: No significant differences.
IAS 34: Interim Financial Reporting	AASB 134: Requires additional disclosures in the interim reports as well as disclosures in the annual financial report where a change in accounting policy occurred in the second half of the year and was not reported in the interim report.	NZ IAS 34: Does not apply where the interim financial statements are included in a registered prospectus or if required under other legislation. Additional minimum disclosures for condensed financial statements. Additional requirement for balance sheet comparatives at end of comparable interim period of immediately preceding financial year.
IAS 36: Impairment of Assets	AASB 136: No significant differences.	NZ IAS 36: No significant differences.
IAS 37: Provisions, Contingent Liabilities and Contingent Assets	AASB 137: No significant differences.	NZ IAS 37: No significant differences.

IAS 38: Intangible Assets	AASB 138: No significant differences.	NZ IAS 38: No significant differences.
IAS 39: Financial Instruments: Recognition and Measurement	AASB 139: No significant differences.	NZ IAS 39: No significant differences.
IAS 40: Investment Property	AASB 140: No significant differences.	NZ IAS 40: Valuations must be conducted either by an independent valuer or be subject to the review of an independent valuer.
IAS 41: Agriculture	AASB 141: Requires some additional disclosures relating to biological assets subject to lease and/or regulations that restrict capacity to sell or use.	NZ IAS 41: No significant differences.
IFRS 1: First-time Adoption of Australian/New Zealand Equivalents to International Financial Reporting Standards	AASB 1: Entities adopting AIFRS on or after 1 January 2005 must apply AASB 5 in their first AIFRS financial report. Australian first-time adopters must apply AASB 5 retrospectively as from the date of transition, which is either 1 January 2004 or 1 July 2004. In contrast, IFRS 1 provides an exemption for entities with transition dates before 1 January 2005 – these entities only need to apply IFRS 5 as of 1 January 2005. Retrospective application means that entities need to identify assets held for sale as of the transition date and re-measure them at fair value less cost to sell.	NZ IFRS 1: No significant differences.
IFRS 2: Share-based Payment	AASB 2: No significant differences.	NZ IFRS 2: No significant differences.
IFRS 3: Business Combinations	AASB 3: Originally issued in July 2004, AASB 3 requires companies to apply purchase accounting for transactions which occur within a group of entities (common control transactions). This is not required by IFRS 3. However, in June 2005 the AASB amended AASB 3 with effect from 1 January 2006 to eliminate this difference. Early adoption is permitted.	NZ IFRS 3: No significant differences.
IFRS 4: Insurance Contracts	AASB 4: AASB 1023 and AASB 1038 have been retained for accounting for general and life insurance contracts.	NZ IFRS 4: An entity which is a life insurer that issues insurance contracts or financial instruments with a discretionary participation feature and each group that includes such an entity must comply with Appendix C to NZ IFRS 4. An entity which undertakes insurance or reinsurance activities other than a life insurer must comply with Appendix D to NZ IFRS 4. Compliance with Appendix C or Appendix D will result in simultaneous compliance with IFRS 4.
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	AASB 5: No significant differences.	NZ IFRS 5: No significant differences.

IFRS 6: Exploration for and Evaluation of Mineral Resources	AASB 6: No significant differences.	NZ IFRS 6: No significant differences.
IFRS 7: Financial Instruments: Disclosure	AASB 7: No significant differences, however risk disclosures cannot be referenced from the financial statements to another report.	NZ IFRS 7: Although NZ IFRS 7 supersedes NZ IAS 30, financial institutions which fall within the scope of NZ IAS 30 must continue to comply with NZ IAS 30 and the disclosure requirements in NZ IAS 32.

KEY DIFFERENCES
AASB 101 AND NZ IAS 1: PRESENTATION OF FINANCIAL STATEMENTS

Subject	AIFRS	NZ IFRS
Scope	**Aus 3.1:** Also applies to concise financial reports.	**NZ 3.1:** Also applies to summary financial reports. **NZ 10.1:** May be published as part of a financial report, which includes financial statements and non-financial statements, such as statements of service performance and supplementary information.
Definitions	**Aus 11.1:** Includes definitions of annual reporting period, entity, general purpose financial report, related practice and special purpose financial report.	**NZ 11.1:** Includes definitions of inputs, NZ equivalents to IFRS, outcomes and outputs**.**
Compliance with accounting standards / generally accepted accounting practice	**Aus 13.1:** The *Corporations Act* requires financial reports to comply with Australian Accounting Standards and may request further information to be disclosed in the notes if necessary to give a true and fair view. **Aus 13.2, Aus 105.1:** Requires disclosure of compliance with Australian Accounting Standards in addition to the statement of compliance with IFRS under paragraph 14, if applicable. **Aus 13.4, Aus 105.1:** Entities must disclose in the notes that the financial report is a general purpose financial report or, if applicable, a special purpose financial report. **Aus 14.1:** Gives guidance where an entity can only give an explicit and unreserved statement of compliance in relation to either the individual parent entity financial report or the consolidated financial report.	Generally accepted accounting practice (GAAP) is defined in section 3 of the New Zealand Financial Reporting Act 1993 (FRA). Section 11(1) of the FRA requires all issuers and companies to comply with GAAP. Requires compliance with approved standards and additional information when needed to give a true and fair view. Other entities are required to comply with GAAP under different statutes. **NZ 13.1, NZ 105.1:** Note disclosure that financial statements have been prepared in accordance with NZ GAAP in addition to the statement of compliance with IFRS under paragraph 14, if applicable. **NZ 13.2:** Where applicable disclose the statutory base under which the financial statements are prepared **NZ 13.3:** Disclose whether the entity has designated itself as a profit-oriented or public benefit entity (PBE) (PBE requirements are not dealt with in this summary).
Prospective financial information	No significant differences.	**NZ 41.1:** Where an entity has published prospective financial information for the period of the financial statements, comparison of prospective and actual information must be given, together with explanations for major variations.

Subject	AIFRS	NZ IFRS
Identification of the financial report	**Aus 45.1:** Must be presented in the English language. **Aus 46.1:** When the presentation currency is different from the Australian currency the entity must disclose the reason and justification for not using the Australian currency. **Aus 48.1:** Entities must assess the regulatory framework before rounding financial information.	No differences**.**
Balance sheet	**Aus 56.1:** Entities that present current and non-current assets and liabilities must disclose the length of the operating cycle where it is greater than 12 months. **Aus 68.1:** Must disclose on the face of the balance sheet retained earnings attributable to equity holders of the parent (IFRS implicitly requires the same as a result of its definition of minority interests).	No differences**.**
Balance sheet, income statement, statement of changes in equity	**Aus 69.1, Aus 83.1, Aus 97.1:** Entities encouraged to use the formats in the Appendix to AASB 101 unless another format is more relevant to users.	No differences**.**
Disclosures	**Aus 126.1:** Amount paid/payable to auditor for audit or review of financial report and to auditor or related practice for non-audit services. **Aus 126.2:** In consolidated financial reports: amounts paid/payable to auditors of entities in the group and their related practices. **Aus 126.3:** If economically dependent on another entity, nature of the dependency and the entity's identity. **Aus 126.4-6:** Certain franking details of dividends and franking credits available for subsequent periods **Aus 126.7:** Nature, amount and timing of capital commitments and other expenditure commitments, other than for supply of inventories.	**NZ 94.1:** Fees to auditors, showing separately fee for the audit of financial statements, audit related fees, describing nature of services, fees for tax compliance, tax advice and tax planning services, and other fees describing nature of services. Fees to other auditors of entities in the group for audit of financial statements. **NZ 94.2:** Total amount of donations made.
Appendices and implementation guidance	**Appendix Illustrative Financial Report Structure added to AASB 101 and the Australian Implementation Guidance:** Illustrative financial report structures that are more detailed than those in IAS 1. Changes made to the presentations in IAS 1.	No differences**.**
Excluded from AASB 101 and NZ IAS 1	**Paragraphs 17 to 20:** No departure from accounting standards is allowed. **Paragraph 101:** Various ways of presenting statement of changes in equity replaced by Aus 97.1.	**Paragraphs 17 to 20:** No departure from financial reporting standards is allowed.
Statement of service performance	No significant differences.	**NZ 126.1 to NZ 126.10:** Minimum requirements for when a statement of service performance is presented.

AASB 102 AND NZ IAS 2: INVENTORIES

Standard	No significant differences.	No differences.

AASB 107 AND NZ IAS 7: CASH FLOW STATEMENTS

Presentation	**Aus 12.1:** Entities are encouraged to follow the format presented in the illustrative examples unless an alternative is more relevant to users. **Aus 20.1:** A reconciliation of operating cash flows to profit or loss must be disclosed. This is also added to the illustrative examples. **34:** Requires dividends paid to be classified as financing cash flows. The alternative classification of dividends paid as operating cash flows, allowed under IAS 7, is not allowed under AASB 107.	**NZ 20.1:** A reconciliation of the net cash flow from operating activities with the profit or loss after taxation must be provided. Certain groupings of adjustments within the reconciliation are suggested in NZ 20.2 and Appendix C has been added to provide guidance on the presentation of the reconciliation. **NZ 24.1:** When receipts and payments are combined to present a net cash flow, a note must identify the cash flow and provide reasons for the set-off.
Scope	**18(b), 20:** The indirect method of reporting cash flow allowed under IAS 7 is not allowed. This has also been deleted from the illustrative examples. **38:** References to proportionate consolidation have been deleted as AASB 131 does not allow proportionate consolidation of interests in jointly controlled entities.	**18(b), 20:** The indirect method of reporting cash flow is not allowed.
GST	**Interpretation 1031:** Cash flows relating to operating activities are presented gross, including GST, in the cash flow statement. Cash flows relating to investing or financing activities with a GST component that is recoverable from, or payable to, the taxation authority are presented net of GST in the relevant section of the cash flow statement (with the GST component presented separately as an operating cash flow).	No guidance. An accounting policy note should clarify whether the inclusive or exclusive approach has been applied in the cash flow statement.

AASB 108 AND NZ IAS 8: ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

Standard	No significant differences.	
Changes in accounting policies	No significant differences.	**NZ 31.1:** Changes in significant accounting policies must be reported as such within the summary of significant accounting policies.

AASB 110 AND NZ IAS 10: EVENTS AFTER BALANCESHEET DATE

Definitions	**Aus 6.1:** Additional text has been added to clarify that only directors can approve companies' financial reports issued under the *Corporations Act*. For other entities, it is the management or governing body of the entity that authorises the issue of financial reports. The text also states that a supervisory board may be rare in the Australian environment.	No differences.

AASB 111 AND NZ IAS 11: CONSTRUCTION CONTRACTS

Standard	No significant differences.	No differences.

AASB 112 AND NZ IAS 12: INCOME TAXES

Disclosure	**Aus 80.1:** An entity classifying exchange differences on deferred foreign tax liabilities or assets that are recognised in the income statement as deferred tax expense (income), must disclose the reasons why it considers that presentation most useful. **81(c)(ii) and Appendix B, Example 2:** The alternative method of disclosing a numerical reconciliation between the average effective tax rate and the applicable tax rate is not allowed under AASB 112. A numerical reconciliation between tax expense or income and the product of accounting profit multiplied by the tax rate is required.	**NZ 5.1 and NZ 81.1:** Requires disclosure of movements in the imputation credit account and dividend withholding payments account of the parent company. Credits available to shareholders of the parent company at balance sheet date must be disclosed, showing credits available through their shareholdings in the parent separately from those available through their indirect interests in subsidiaries.
Recognition of an asset	**33**: AASB 120 does not allow government grants related to an asset to be deducted in arriving at the carrying amount of the asset. Therefore, such references have been deleted.	No differences.

AASB 114 AND NZ IAS 14: SEGMENT REPORTING

Scope	**3, 4:** AASB 114 applies to reporting entities and entities whose financial reports are general purpose financial reports. However, the application of IAS 14 is only required by entities whose equity or debt securities are publicly traded, and those entities in the process of issuing equity or debt securities in public securities markets.	**NZ 3.1, NZ 8.1 and NZ 84.1, NZ 84.2:** Issuers as defined in the Financial Reporting Act 1993 and all entities in the process of becoming issuers fall within the category of those entities that are required to comply with this standard. These paragraphs apply to issuers or entities in the process of becoming issuers as from annual reporting periods beginning on or after 1 January 2006 and issuers and entities in the process of becoming issuers that adopt NZ IFRS before that date are encouraged to comply with this standard.
Definitions	**16:** AASB 131 does not allow the proportionate consolidation of jointly controlled entities so references to proportionate consolidation have been deleted from AASB 114.	No differences.

AASB 116 AND NZ IAS 16: PROPERTY, PLANT AND EQUIPMENT

Recognition	**28:** The comment on reducing the carrying amount of property, plant and equipment by government grants is not included, as AASB 120 does not permit this option.	No differences.
Revaluation model and disclosures	No significant differences.	**NZ 35.1 to NZ 35.3:** Unless there is an active market or price indices that establish the item's fair value with reasonable reliability are readily available, valuations must be conducted by an independent valuer. Alternatively, a valuation may be conducted by a suitably experienced employee provided it is reviewed by an independent valuer. The independent valuer must hold a recognised and relevant professional qualification and must have had recent experience in the location and category of the item being valued. **NZ 77.2-3:** Additional disclosures are required relating to the abovementioned requirements.

AASB 117 AND NZ IAS 17: LEASES

Standard	No significant differences.	No differences.

AASB 118 AND NZ IAS 17: REVENUE

Standard	No significant differences.	No differences.

Recognition and measurement	**Aus 78.1:** Market yields on government bonds must be used to discount the post employment benefit obligation denominated in Australian currency. **Aus 92.1:** AASB 119, issued in July 2004, requires actuarial gains and losses to be recognised immediately. However, the AASB amended AASB 119 in December 2004 to allow the use of the corridor approach, as well as an additional option to recognise actuarial gains and losses in equity. This amendment reflects the revised provisions of IAS 19 and is available for early adoption on transition.	No differences.

Disclosure	**Aus 121.1:** Certain details of arrangements for employer contributions for funding for each defined benefit plan must be disclosed. **Aus 121.2:** Disclosure is required regarding the nature of any asset or liability recognised in the balance sheet comprising any legal liability to make up a deficit or the manner in which the employer may benefit from any surplus (asset).	No differences**.**
Recognition and measurement	**54(b), 58A(b), 58B, 60, 92, 93, 95:** In measuring the defined benefit liability, AASB 119 requires actuarial gains and losses to be recognised immediately. Consequently, a number of differences arise between the text of IAS 19 and AASB 119. **108(c), 120(c)(iv), 127(a):** However, in June 2005 the AASB amended AASB 119 to allow the use of the corridor approach, as well as an additional option to recognise actuarial gains and losses in equity. With effect from 31 December 2005, this amended version reflects the revised provisions of IAS 19 and is available for early adoption on transition for annual reporting periods beginning on or after 1 January 2005.	No differences**.**

AASB 120 AND NZ IAS 20: ACCOUNTING FOR GOVERNMENT GRANTS AND DISCLOSURE OF GOVERNMENT ASSISTANCE

Scope	**Aus 1.1:** AASB 120 applies to for-profit entities. AASB 1004 provides guidance for not-for-profit entities.	No differences.
Recognition	**23:** A government grant may take the form of a non-monetary asset. In this case, the asset and related grant can be recognised at their nominal amount under IAS 20. Under AASB 120 the asset and grant must be recognised at fair value.	No differences.
Presentation	**25, 27, 32:** AASB 120 only permits the presentation of grants related to assets as deferred income, rather than by deducting the grants from the carrying amount of the assets. **29, 30, 31, 32:** AASB 120 requires grants relating to income to be presented as a credit in the income statement. References to the option in IAS 20 of deducting the grant from related expenses have been deleted.	No differences.
Disclosure (a) Grant of non-monetary asset (b) Grant related to an asset (c)Grant related to income	No additional requirements.	**NZ 39.1:** **(a)** If an entity receives a non-monetary asset by way of government grant and has recorded the grant and the asset at a nominal amount, the fair value of the grant received must be disclosed. **(b)** If an entity has recognised a government grant relating to an asset as deferred income or if the grant is deducted from the carrying amount of the asset, disclosure must be made of the fair value of the grant received, the amount recognised as deferred income or deducted from the carrying amount of the asset, and the number of years over which the deferred income is recognised as income over the useful life of the related asset. **(c)** If an entity has deducted a grant related to income in recording the related expense, it must disclose the fair value of the grant received.

AASB 121 AND NZ IAS 21: THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

Presentation	**Aus 38.1:** Entities reporting under the *Corporations Act* are only permitted to present a financial report in one presentation currency.	No differences.
Disclosure	**Aus 53.1:** If the presentation currency is not the Australian currency the entity must disclose the reason and justification for selecting an alternative currency.	No differences.

AASB 123 AND NZ IAS 23: BORROWING COSTS

Standard	No significant differences.	No differences.

AASB 124 AND NZ IAS 24: RELATED PARTY DISCLOSURES

Definitions	**Aus 9.1:** AASB 124 includes additional definitions of ‘director’, ‘disclosing entity’ and ‘remuneration’.	No differences.
Disclosures	**Aus 12.1:** If the parent/ultimate controlling parties are incorporated or constituted outside of Australia, AASB 124 requires the entity to identify which ones are incorporated overseas. It must also disclose the names of the ultimate controlling entity incorporated within Australia.	No differences**.**
Other Key Management Personnel Disclosures by Disclosing Entities	**Aus 25.1 – Aus 25.9.3:** AASB 124 requires disclosing entities to make significant additional disclosures (subject to parent entity relief). The names, position held and period of responsibility (if shorter than the reporting period) of each key management personnel must be disclosed. Additional disclosures relating to compensation, equity instruments, loans and other transactions and balances with key management personnel must also be made.	No New Zealand equivalent.

NZ IAS 26: ACCOUNTING AND REPORTING BY RETIREMENT BENEFIT PLANS

Application	Australian standard AAS 25 *Financial Reporting by Superannuation Plans* applies to financial reports of superannuation plans in the private and public sectors.	**NZ 1.1 to NZ 1.6:** This standard must be applied in the general purpose financial statements of all retirement plans.
Other additional paragraphs	No Australian equivalent.	**NZ 8.1:** Defines ‘promised retirement benefits’ and ‘sponsor’. **NZ 13.1, NZ 17.2:** Permits plans to present statements of net assets available for benefits in a balance sheet. **17(b)(ii):** Deleted in order to cancel the option for defined benefit plans to present the actuarial present value of promised retirement benefits in an accompanying actuarial report and references to this presentation option have been deleted in the applicable paragraphs. **NZ 17.1:** Limits the presentation of actuarial present value of promised retirement benefits on the face of the statement of net assets or balance sheet to those plans that conduct an actuarial valuation at the end of each reporting period. **NZ 27.1:** Acknowledges the existence of legislative requirements for obtaining valuations. **NZ 34.1:** Requires a cash flow statement to be prepared by all retirement benefit plans. **NZ 35.1 to NZ 35.6, NZ36.1:** Include a number of additional disclosures for defined contribution plans and defined benefit plans.

Application	**Aus 9.1, Aus 27.1:** AASB 127 adopts the concept of the reporting entity in determining whether a parent of a group is required to present consolidated financial statements consolidating investments in subsidiaries. However, IAS 27 provides four conditions whereby a parent is not required to prepare consolidated financial statements if, and only if, all of these conditions are met. These have been deleted from AASB 127. In practical terms, the application of the standards is similar. An entity that applies the consolidation exception under IAS 27 will often not be a reporting entity under AASB 127. However, there will be circumstances where an Australian entity is a reporting entity and required to prepare consolidated financial statements, but would not be required to under IAS 27.	No differences.
Consolidated procedures	**Aus 27.1:** An entity that is subject to s323D(3) of the *Corporations Act* must synchronise the reporting periods of its subsidiaries with its own.	No differences.
Disclosures	**Aus 40.1:** Disclosures are required of: • the identity of the parent within the group and the reason why control exists where the parent does not own more than 50% of the voting power; and • any ultimate Australian parent, and the ultimate overseas parent, where applicable. **42 and Aus 42.2:** IAS 27 requires certain disclosures by parent entities, investors or venturers that prepare separate financial statements. These disclosures cover investments in subsidiaries, jointly controlled entities and associates. In contrast, AASB 127 only requires these disclosures for investments in subsidiaries. Disclosures about investments in associates or jointly controlled entities are covered by the specific disclosures AASB has added to AASB 128, AASB 131. **Aus 42.1:** Where a group is a reporting entity but the parent does not have to prepare separate financial statements, AASB 127 requires additional disclosures.	No differences.

Definitions	**4, 7, 8, 38, 39, 42:** IAS 27 defines separate financial statements as those prepared by a parent, an investor in an associate or a venturer in a jointly controlled entity, where investments are not accounted for on the basis of the reported results and net assets of the investees. AASB 127 limits the definition of separate financial statements to those prepared by a parent. **9, 10, 11:** The AASB has replaced the specific exceptions from preparing consolidated financial reports under IAS 27 with the reporting entity concept – see paragraph Aus 9.1 on the previous page.	No differences.
Disclosures	**41:** The specific disclosures required in the separate financial statements for a parent that has elected not to prepare consolidated financial statements in accordance with paragraph 10 have been deleted, as the paragraph itself has been deleted.	No differences.

AASB 128 AND NZ IAS 28: INVESTMENTS IN ASSOCIATES

Application of the equity method	**13:** IAS 28 provides three specific exceptions from using the equity method of accounting for investments in associates. An entity that meets any one of the exceptions need not apply the equity method of accounting for its investments in associates, but must apply the disclosure requirements in the standard (except where the disclosure is specific to the equity method of accounting). **Aus 1.1, 13(a), 13(c):** AASB 128 adopts the concept of the reporting entity to determine whether the standard must be applied. It has also retained two of the three IAS 28 exceptions from using the equity method of accounting for investments in associates. Firstly, when an investment is classified as held for sale under IFRS 5 and secondly, when the ultimate or any intermediate parent of the subsidiary has to prepare IFRS compliant consolidated financial statements made available to the public. In AASB 128 this condition is modified to require the subsidiary's ultimate *Australian* or any intermediate parent to prepare publicly available AIFRS compliant consolidated financial statements, making it more restrictive. Non reporting entities reporting under the *Corporations Act* should apply AASB 128 as a measurement standard unless an ultimate Australian or intermediate parent prepares AIFRS financial statements that are made available to the public. **Aus 14.1:** Subsidiaries that are exempt from applying the equity method under paragraph 13(c) must account for their investments in associates at cost or in accordance with AASB 139. This is consistent with the rules on accounting for investments in associates in separate financial statements, which apply to all investors under IAS 28, not just parents. Refer to the comments on paragraphs 2, 3, 4 and 5 below.	No differences.

Disclosure	**Aus 37.1:** Additional disclosures are required relating to: • specified details of each significant associate, regardless of whether the equity method of accounting is applied • the application of the equity method, specifically the amounts of the investor's share of associates' profit or loss before income tax expense, and separate disclosure of taxation expense, as well as certain details of impairment losses, and • the investor's share of associates' specified commitments.	**NZ 37.1:** All movements in the carrying amount of investments in associates that are accounted for under the equity method, including share of total recognised revenues and expenses and balances at the beginning and end of the period, must be disclosed. In addition, the amount of goodwill included in the balances at beginning and end of year must be disclosed.
Definitions	**2, 3, 4, 5:** As noted in the comments on AASB 127, the AASB has limited the definition of separate financial statements to those prepared by a parent. Therefore, it has deleted commentary that related to the presentation of separate financial statements by investors that are not parents.	No differences**.**
Application of the equity method	**13(b):** The AASB has deleted one of the three exceptions from accounting for investments in associates using the equity method, which is when a parent elects not to prepare consolidated financial statements under IAS 27.10. As noted, this paragraph has been deleted from AASB 127 and replaced with the reporting entity concept.	No differences**.**

AASB 129 AND NZ IAS 29: FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

Standard	No significant differences.	No differences.

AASB 130 AND NZ IAS 30: DISCLOSURES IN THE FINANCIAL STATEMENTS OF BANKS AND SIMILAR FINANCIAL INSTITUTIONS

Application and scope	AASB 130 has been superseded by AASB 7.	**NZ 2.1 and NZ 2.2:** This standard is relevant to banks, building societies, credit unions, finance companies, money market dealers, merchant banks, some intra-group financiers and other entities that are broadly involved in financial intermediation. It is unlikely to apply to general insurers, life insurers, superannuation schemes, entities that primarily invest in equity instruments and entities that are wholly funded (excluding trade creditors) and controlled by related parties and do not have material unrecognised financial liabilities with unrelated entities.

Disclosure	AASB 130 has been superseded by AASB 7.	**NZ 7.1 to NZ 7.14:** Definitions. **35:** Amended as other types of disclosures of maturities are not permitted. **NZ 8.1 to NZ 8.6:** Accounting policies. **NZ 10.1:** Income statement items. **NZ 19.1 to NZ 19.4, NZ 25.1, NZ 25.2:** Balance sheet items. **NZ 29.1:** Unrecognised financial instruments or commodity instruments, including contracts for which there is no face value or contract amount. **NZ 30.1, NZ 39.1:** Liquidity. **NZ 39.2, NZ 39.3:** Risk management. **NZ 40.1, NZ 40.2, NZ 41.1 to NZ 41.7:** Concentrations of assets, liabilities and off balance sheet items. **NZ 43.1, NZ 49.1 to NZ 49.5:** Losses on loans and advances. **NZ 55.1:** Trust activities.

AASB 131 AND NZ IAS 31: INTERESTS IN JOINT VENTURES

Accounting for interests in jointly controlled entities	**38, Aus 38.1:** A venturer must recognise its interest in a jointly controlled entity using the equity method under AASB 128, rather than the proportionate consolidation method. **2:** IAS 31 provides venturers covered by the standard with three specific exceptions from using the measurement rules for interests in jointly controlled entities. An entity that meets any one of the exceptions need not apply the equity method of accounting to its interests in jointly controlled entities, but will still be required to apply the disclosure requirements in the standard (except where the disclosure is specific to the equity method of accounting). **Aus 1.1, 2(a), 2(c):** AASB 131 adopts the concept of the reporting entity to determine whether the standard must be applied. It has also retained two of the three IAS 31 exceptions from using the equity method of accounting for interests in jointly controlled entities. **2(a)(iv):** Firstly, when the interest is classified as held for sale under IFRS 5. 2(c)(iv): Secondly, when the ultimate or intermediate parent of the subsidiary has to prepare IFRS compliant consolidated financial statements that are made available to the public. AASB 131 requires the subsidiary's ultimate Australian or any intermediate parent to prepare AIFRS compliant publicly available consolidated financial statements, making it more restrictive. The practical implications of these changes are similar to those noted in the comments on AASB 128. **Aus 43.1:** Entities exempt from applying the equity method of accounting for interests in jointly controlled entities under paragraph 2(c) must account for their interests in jointly controlled entities either at cost or in accordance with AASB 139.	No differences.

Disclosure	**Aus 57.1 to 57.5:** Additional disclosures are required for interests in jointly controlled operations and assets, and interests in jointly controlled entities.	No differences**.**
Definitions	**4, 5, 6, 39:** As noted in the comments on AASB 127, the AASB has limited the definitions of separate financial statements to those prepared by a parent. It has deleted commentary that related to the presentation of separate financial statements by venturers that are not parents.	No differences**.**
Financial statements of a venturer	**30 to 37, 40, 56:** As AASB 131 does not allow a venturer to use the proportionate consolidation method to recognise interests in jointly controlled entities, references to this method have been deleted.	No differences**.**
Disclosure	**56:** The IAS 31 disclosure paragraph 56 relating to interests in significant joint ventures has been deleted and replaced with more detailed requirements in AASB 131 paragraphs Aus 57.1 to Aus 57.5. **57:** The IAS 31 paragraph 57 requirement to disclose the method that a venturer uses to recognise its interests in jointly controlled entities has also been deleted. There is no equivalent disclosure requirement in AASB 131, other than the requirement to state the fact that a jointly controlled entity is not accounted for using the equity method (paragraph Aus 57.2(f)).	**NZ 40.1:** If the equity method is used, the disclosure requirements of NZ IAS 28 must be complied with.
Application for interests in jointly controlled entities	**2(b):** The AASB has deleted the specific exception from accounting for interests in jointly controlled entities using the equity method as it meets the specific conditions in IAS 27, paragraph 10, when a parent elects not to prepare consolidated financial statements. This paragraph has been deleted from AASB 127 and replaced with the reporting entity concept.	No differences**.**

AASB 132 AND NZ IAS 32: FINANCIAL INSTRUMENTS: DISCLOSURE AND PRESENTATION

Application and scope	No significant differences.	No differences**.**
Presentation	**33, 34, footnote 3:** The AASB added footnote 3 to the comments on the treatment of treasury shares, pointing out that the *Corporations Act* prohibits a company from acquiring shares in itself (except in limited circumstances) and entities subject to the *Corporations Act* cannot have treasury shares.	No differences**.**

AASB 133 AND NZ IAS 33: EARNINGS PER SHARE

Alternative number of shares	**Aus 63.1 to Aus 63.5:** AASB 133 allows an entity that has undergone a major capital restructuring to disclose additional earnings per share information using an alternative denominator if this is more meaningful. These paragraphs include comments on the alternatives that may be appropriate and the disclosure requirements.	No differences.
Disclosure	**Aus 70.1:** Disclosure of the weighted average number of converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted earnings per share is required.	No differences.
Scope	**2:** Paragraph IAS 33.2 has been deleted. It stated that entities whose shares or potential shares are publicly traded and entities in the process of issuing shares in public markets must apply the standard. This is covered by the application paragraph Aus 1.1.	No differences.

AASB 134 AND NZ IAS 34: INTERIM FINANCIAL REPORTING

Presentation and disclosure	**Aus 16.1 to Aus 16.4:** Additional disclosures are required, where possible, including: • an indication of the financial effect of any subsequent events disclosed • dividends recognised or proposed but not paid, and cumulative preference dividends not recognised • a statement that the interim financial report must be read in conjunction with the annual financial report • identification of any condensed financial statements or information. **Aus 14.1, Aus 14.2:** AASB 134 requires a parent to include consolidated financial statements in its interim financial report. It can also elect to include the parent's separate financial statements, but this is not mandated by the standard. **Aus 18.1:** Any voluntary disclosures made in addition to the minimum required by the standard that are dealt with in other standards, must be made in a consistent manner with those standards. **Aus 27.1, Aus 27.2:** For any change in accounting policy during the final current interim period where a separate interim report is not published, the nature and financial effect of the change on prior interim financial reports must be disclosed in the notes in the annual financial report for that annual reporting period.	**NZ 10.1:** If an entity publishes a set of condensed financial statements in its interim financial report, it must include all of the line items required to be disclosed in the income statement and balance sheet per NZ IAS 1. The condensed statement of cash flows must contain the gross inflows and outflows in respect of operating activities, investing activities and financing activities. A reconciliation of net profit after taxation with the net cash flow from operating activities, together with any non-cash investing and financing transactions, must be disclosed by way of note and referenced to the appropriate items in the financial statements. **NZ 20.1:** An additional comparative balance sheet, as at the end of the comparative interim period, is required.

Scope	**1:** Sentences encouraging publicly traded entities to conform with the principles set out in IAS 34, and those setting out the timing of interim financial reports, have been deleted. Under the *Corporations Act* these entities are required to prepare interim financial reports.	**NZ 1.1, NZ 5.1:** The standard applies if the entity is required, or elects, to publish an interim financial report, including financial statements and non-financial statements, in accordance with generally accepted accounting practice. It does not apply to interim financial statements included in a registered prospectus.

AASB 136 AND NZ IAS 36: IMPAIRMENT OF ASSETS

Standard	No significant differences.	No differences.

AASB 137 AND NZ IAS 37: PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Scope	**5(e):** AASB 137 cross-references to the Australian-specific insurance standards.	No differences.
Guidance	**Australian Guidance:** The AASB has issued Australian guidance on self-insurance and captive insurers. This guidance is not part of AASB 137 but accompanies it.	No differences.

AASB 138 AND NZ IAS 38: INTANGIBLE ASSETS

Recognition and measurement	**44:** IAS 20 allows an entity to choose to initially recognise a non-monetary asset arising from government grants at its fair value or nominal amount. For-profit entities cannot use nominal amounts under AASB 120, so references to this treatment have been deleted.	No differences.

AASB 139 AND NZ IAS 39: FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

Measurement	**47:** IAS 39 specifies that financial liabilities designated as hedged items are subject to measurement under the hedge accounting requirements for fair value hedges. AASB 139 extends this to the hedge accounting requirements for all types of hedges. Please note that this difference is not expected to have an impact in practice.	No differences.
Appendix A – Application guidance	**AG2:** The reference to IAS 26 has been replaced with AAS 25 *Financial Reporting by Superannuation Plans,* as the AASB has not issued an equivalent standard to IAS 26. **AG3:** Reference to the use of proportionate consolidation for jointly controlled entities has been deleted from the IAS 39 guidance as this treatment is not permitted under AASB 131.	No differences.

AASB 140 AND NZ IAS 40: INVESTMENT PROPERTY

Revaluations	No significant differences.	**NZ 33.1 and NZ 33.2:** Valuations must be conducted by an independent valuer. Alternatively, a valuation may be conducted by a suitably experienced employee provided it is reviewed by an independent valuer. The independent valuer must hold a recognised and relevant professional qualification and must have had recent experience in the location and category of the item being valued. **NZ 75.1:** Additional disclosures are required relating to the abovementioned requirements.

AASB 141 AND NZ IAS 41: AGRICULTURE

Disclosures	**Aus 43.1:** The AASB has added a requirement to disclose the nature of biological assets and an estimate of their physical quantity, classified between plants and animals and sub-classified as appropriate, and showing separately those that are subject to a lease arrangement. **Aus 49.1:** Disclosures are required of biological assets for which the entity's use/capacity to sell is subject to restrictions imposed by regulations that have significant impact on total fair value less estimated point-of-sale costs.	No differences.

AASB 1 AND NZ IFRS 1: FIRST-TIME ADOPTION OF AUSTRALIAN/NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Definitions	**3, Aus 3.1:** An additional paragraph clarifies that an entity's first financial report, in which AASB 1 applies, is one that complies with Australian Accounting Standards (AASB 101, Aus 13.2).	No differences.
Recognition and measurement	**25D, Aus 25D.1:** AASB 1 has been amended to include references to the Australian insurance-specific standards: AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts.*	No differences.
Exceptions to retrospective application of other standards	**Aus 34B.1:** Entities adopting AIFRS on or after 1 January 2005 must apply AASB 5 to comparative information presented in their first AIFRS financial report. This means Australian first-time adopters must apply AASB 5 retrospectively as from the date of transition. In contrast, IFRS 1 provides an exemption for entities with transition dates before 1 January 2005 – these entities only need to apply AASB 5 as of 1 January 2005. Retrospective application means that entities need to identify assets held for sale as at transition date and remeasure them at fair value less cost to sell.	No differences.
Presentation and disclosures	**Aus 36.1:** Text has been added to explain why comparative information is required.	No differences.

Implementation guidance	**AIG 10.1, AIG Example A1:** An additional example is given as guidance for entities using the revaluation model under AASB 116. This is because entities will have to move from a class-based revaluation reserve (prescribed under AGAAP) to the individual-asset based revaluation reserve required by AASB 116. **AIG 25.1:** This guidance points out that if an entity chooses to continue to capitalise borrowing costs for qualifying assets (as required under AGAAP and permitted under AASB 123) there is no change in accounting policy. **AIG 29.1:** AASB 1 clarifies that examples eight and nine, which relate to subsidiaries and parents with different transition dates, may be applicable to an Australian parent and a foreign subsidiary incorporated outside Australia. They will not apply to Australian parents with subsidiaries incorporated within Australia as their reporting and transition dates will be the same. **AIG 62.1:** A paragraph has been added to highlight that an entity which adopts the cost model for investment property previously carried at cost with no depreciation, must make an adjustment for the depreciation of the property from the date of acquisition. Similarly, where the entity changes from a revaluation system or is permitted to use a deemed cost, an adjustment must be made to recognise any depreciation backlog between the date of the most recent valuation and the date of transition. **AIG 62.2:** A paragraph has been added to specify that entities with biological assets measured at net market value under AGAAP should continue to measure those assets at fair value less point of sale costs, in accordance with AASB 141. It also clarifies that the rebuttable presumption in AASB 141, which allows biological assets to be carried at cost less accumulated depreciation and accumulated impairment losses where fair value of those assets cannot be measured reliably, can only be rebutted on initial recognition. **AIG 100.1 to 100.3, AIG Example A100:** Additional guidance on life insurance contracts has been provided for life insurers dealing with the treatment of the EMVONA asset. This guidance aims to assist insurers with the transition to the AIFRS version of AASB 1038.	No differences.
Appendix B Business Combinations	**B2(a):** A reference to reverse acquisition by the legal acquiree has been deleted as this was not permitted under AGAAP. **B2(c), B2(i):** References to goodwill being deducted directly from equity under previous GAAP are not included in AASB 1, as this treatment was not permitted under AGAAP.	No differences.

Implementation guidance	**IG 7:** References to depreciation rates not reflecting a reasonable estimate of an asset's useful life have been deleted from the guidance on depreciation methods and rates under previous GAAP, as this is required under existing AGAAP. **IG 15:** Guidance on the net cash investment method for recognising finance income of lessors (referred to in IAS 17) is not included in AASB 1 as it related to IAS transitional provisions pre-1997. **IG 17:** Implementation guidance on the treatment of receipts that do not qualify for revenue recognition is not included in AASB 1. **IG Example 5:** References to goodwill deducted from equity under previous GAAP have been deleted from the detail of 'Examples' in this guidance, as this was not permitted under AGAAP. **IG Example 7:** The example of a finance lease not capitalised under previous GAAP has been deleted, as this was not permitted under AGAAP. **IAG 42:** The reference to the transitional provisions in IAS 36 and 37 not applying to an entity's opening IFRS balance sheet have been deleted. **IG Example 11:** Various changes have been made to the example on reconciliation of equity and profit / loss to reflect the types of adjustments that may arise on transition from AGAAP to AIFRS and the presentation formates under AIFRS.	No differences.

AASB 2 AND NZ IFRS 2: SHARE-BASED PAYMENT

Standard	No significant differences.	No differences.

AASB 3 AND NZ IFRS 3: BUSINESS COMBINATIONS

Scope	**Aus 3.1, Aus 3.2:** IFRS 3 excludes transactions between entities under common control from its scope. AASB 3, originally issued in July 2004, includes in its scope business combinations involving entities or businesses under common control. Amendments to AASB 3 (issued in June 2005) eliminate this difference. The amendments are applicable to reporting periods beginning on or after 1 January, 2006, however, early adoption is permitted. If the amendments are not adopted early, an entity which prepares financial reports under the *Corporations Act* is required to apply the purchase method of accounting on any reconstruction within the reporting entity.	No differences.

Application of purchase method	**Aus 56.1:** If the revised AASB 3 is not adopted early and common control transactions are included within the scope of the standard, an acquirer with business combinations within the same reporting entity is required to recognise the excess of net fair value of items acquired over the cost of the combination as a gain, except where the excess meets the definition of "contribution by owners." This paragraph has been repealed by the amendment.	No differences.
Appendix A – Defined terms	**Australian Guidance:** The definition of reporting entity in AASB 3 differs to IFRS 3. The AASB has added references to there being a reasonable expectation of the existence of users and those users making and evaluating decisions, rather than just making decisions. **Australian Guidance:** Definitions of contribution by owners and reconstruction within a reporting entity, as specifically referred to in AASB 3, are included in the Appendix as Australian defined terms. The AASB removed these definitions in the June 2005 amendments to AASB 3 – refer to the comments on paragraphs Aus 3.1, Aus 3.2 and Aus 56.1 above.	No differences.
Other guidance	**Interpretation 1002:** The AASB has issued guidance mandating the method of accounting for post-date-of-transition stapling arrangements. It is questionable whether this guidance is in accordance with IFRS.	No differences.

AASB 4 AND NZ IFRS 4: INSURANCE CONTRACTS

Appendix A	**Australian Guidance:** AASB 4 has additional definitions of general insurance contract and life insurance contract. **Aus 4.1, Aus 4.2, Aus 6.1:** AASB 1023 and AASB 1038 have been retained for accounting for general and life insurance contracts (except fixed-fee service contracts that meet the definition of an insurance contract). These standards are more prescriptive regarding liability recognition under insurance contracts than the general provisions in IFRS.	No differences.
Appendix C	No equivalent appendix.	**NZ 4.1:** An entity which is a life insurer that issues insurance contracts or financial instruments with a discretionary participation feature, and each group that includes such an entity, must comply with Appendix C.
Appendix D	No equivalent appendix.	**NZ 4.2:** An entity which undertakes insurance or reinsurance activities must comply with Appendix D. Compliance with Appendix C or Appendix D will result in simultaneous compliance with IFRS 4.

AASB 5 AND NZ IFRS 5: NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Appendix C	**44:** AASB 5 has deleted references to the adoption of IFRS earlier than 1 January 2005 as AIFRS cannot be applied early.	Appendix C not included in NZ IFRS.

AASB 6 AND NZ IFRS 6: EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

Standard	No significant differences.	No differences.

AASB 7: FINANCIAL INSTRUMENTS: DISCLOSURES

Financial institutions	No significant differences.	**NZ 45.1:** Entities which fall within the scope of NZ IFRS 7 must not apply paragraph 45. In addition to applying NZ IFRS 7, they must continue to apply NZ IAS 30 and comply with the disclosure requirements of NZ IAS 32.
Appendix B: Application Guidance	**B6:** AASB 7 does not allow disclosures about the nature and extent of risks arising from financial instruments to be incorporated in the financial statements by cross-reference to disclosures in some other statement (eg. management commentary or risk report.)	No differences.

FINAL COMMENTS

Comments	The IFRS include a statement immediately under the content which says that the standards must be read in the context of their objectives **and** the Basis for Conclusions. In contrast, the equivalent AASBs state that the standards must be read in the context of other AASBs, including AASB 1048, but do not refer to the Basis for Conclusions. It is understood that the reason for this lies in the ongoing copyright discussions between the AASB and the IASB. (The IASB does not permit the AASB to reproduce the Basis for Conclusions.) This difference raises the concern that the AASBs may be interpreted differently without this background material.	Appendices to IFRS statements that are not an integral part of the standard are not reproduced as a part of the equivalent NZ IFRS. These include bases for conclusions, implementation guidance and illustrative examples.

Disclaimer:

This publication has been prepared by PricewaterhouseCoopers and is up to date as at March 2006. It aims to help you keep pace with the changes of International Financial Reporting Standards, New Zealand's equivalent NZ IFRS and Australia's equivalent AIFRS, however we remind readers that such developments are ongoing and this publication does not reflect changes that occurred post 31 March 2006.

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