

Differences between Standards for Tier 1 For-Profit Entities and Tier 1 Public Benefit Entities

Issued: March 2014

Introduction

Basis of Comparison

This document identifies key differences in the recognition and measurement requirements in the standards applicable to:

- Tier 1 for-profit entities: These standards include NZ IFRSs that are issued as at 31 January 2014 and applicable to annual periods beginning on or after 1 July 2014; and
- Tier 1 PBEs. These standards are the PBE Standards for PBEs, as issued in May 2013 and effective from 1 July 2014.

The following points should be noted about the comparison:

- The comparison identifies key differences. It does not identify all differences. The impact of some differences not identified in the comparison could be significant for a particular entity. The comparison should be used only as an aid to understanding the differences between the two suites of standards. It should not be used as a substitute to reading and gaining an understanding of the standards.
- The comparison is based on requirements that are effective on or before 1 July 2014. Early adoption of some requirements is possible. If an entity elects to early adopt requirements it will need to consider the impact of such early adoption on this comparison.

- The comparison is between recognition and measurement requirements in the two suites of standards. It does not compare presentation and disclosure requirements.
- The comparison is based on the requirements in PBE Standards for PBEs, as issued in May 2013. It does not include the proposals in ED NZASB 2013-5 *Enhancements to the PBE Standards for Not-for-Profit Entities* (issued November 2013).
- The comparison distinguishes between those standards that are directly comparable and those which are on the same topic but not directly comparable. A brief comparison of those that are not directly comparable is included in this document.
- No comparison has been provided where (i) there is no equivalent PBE Standard; (ii) the standards concerned specify only disclosure requirements; (iii) there are no key differences between the standards; and (iv) the mandatory effective date of a standard has yet to be determined.
- Where there is no equivalent PBE Standard to a for-profit standard, a PBE would determine its accounting policy in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*.

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

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Part A: Summary of Standards and Interpretations

Standards and interpretations for Tier 1 For-Profit Entities (NZ IFRSs)	Standards for Tier 1 PBEs (PBE Standards)	Part
New Zealand Equivalent to the IASB <i>Conceptual Framework for Financial Reporting 2010</i> (NZ Framework)	Public Benefits Entities' <i>Framework</i> (PBE Framework)	C
NZ IFRS 1 <i>First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards</i>	PBE FRS 47 <i>First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRSs</i> No comparison has been included between NZ IFRS 1 and PBE FRS 46 <i>First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRSs</i> because these standards are not directly comparable.	C
NZ IFRS 2 <i>Share-based Payment</i>	No comparison has been included because there is no equivalent PBE Standard.	N/A
NZ IFRS 3 <i>Business Combinations</i>	PBE IFRS 3 <i>Business Combinations</i>	C
NZ IFRS 4 <i>Insurance Contracts</i>	PBE IFRS 4 <i>Insurance Contracts</i>	C
NZ IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	No comparison has been included between NZ IFRS 5 and PBE IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> because there are no significant differences.	N/A
NZ IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	No comparison has been included because there is no equivalent PBE Standard.	N/A
NZ IFRS 7 <i>Financial Instruments: Disclosures</i>	No comparison has been included between NZ IFRS 7 and PBE IPSAS 30 <i>Financial Instruments: Disclosures</i> because these standards specify disclosure requirements.	N/A
NZ IFRS 8 <i>Operating Segments</i>	No comparison has been included because there is no equivalent PBE Standard.	N/A
NZ IFRS 9 <i>Financial Instruments</i> (2010)	No comparison has been included for NZ IFRS 9 (2010). This is because the IASB has yet to determine the mandatory effective date of IFRS 9. NZ IFRS 9 has an effective date of 1 January 2017 because it cannot be issued in New Zealand without an effective date. However, once the IASB	N/A

Standards and interpretations for Tier 1 For-Profit Entities (NZ IFRSs)	Standards for Tier 1 PBEs (PBE Standards)	Part
	determines an effective date for IFRS 9, the effective date of NZ IFRS 9 will be amended accordingly. NZ IFRS 9 will eventually supersede NZ IAS 39 in its entirety.	
NZ IFRS 10 <i>Consolidated Financial Statements</i> (effective 1 Jan 2013)	PBE IPSAS 6 <i>Consolidated and Separate Financial Statements</i>	D
NZ IFRS 11 <i>Joint Arrangements</i> (effective 1 Jan 2013)	PBE IPSAS 8 <i>Interests in Joint Ventures</i>	D
NZ IFRS 12 <i>Disclosure of Interests in Other Entities</i> (effective 1 Jan 2013)	No comparison has been included between NZ IFRS 12 and PBE Standards because NZ IFRS 12 specifies disclosure requirements. The PBE Standards that specify disclosure requirements in respect of interests in other entities are PBE IPSAS 6, PBE IPSAS 7 and PBE IPSAS 8.	N/A
NZ IFRS 13 <i>Fair Value Measurement</i>	No comparison has been included because there is no equivalent PBE Standard. A number of PBE Standards provide guidance on the measurement of fair value in specific contexts (for example, PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i>).	N/A
NZ IAS 1 <i>Presentation of Financial Statements</i>	No comparison has been included between NZ IAS 1 and PBE IPSAS 1 <i>Presentation of Financial Statements</i> because they specify presentation and disclosure requirements.	N/A
NZ IAS 2 <i>Inventories</i>	PBE IPSAS 12 <i>Inventories</i>	C
NZ IAS 7 <i>Statement of Cash Flows</i>	No comparison has been included between NZ IAS 7 and PBE IPSAS 2 <i>Cash Flow Statements</i> because they specify presentation and disclosure requirements.	N/A
NZ IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	PBE IPSAS 3 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	C
NZ IAS 10 <i>Events After the Reporting Period</i>	PBE IPSAS 14 <i>Events After the Reporting Date</i>	C
NZ IAS 11 <i>Construction Contracts</i>	PBE IPSAS 11 <i>Construction Contracts</i>	C
NZ IAS 12 <i>Income Taxes</i>	PBE IAS 12 <i>Income Taxes</i>	C

Standards and interpretations for Tier 1 For-Profit Entities (NZ IFRSs)	Standards for Tier 1 PBEs (PBE Standards)	Part
NZ IAS 16 <i>Property, Plant and Equipment</i>	PBE IPSAS 17 <i>Property, Plant and Equipment</i>	C
NZ IAS 17 <i>Leases</i>	PBE IPSAS 13 <i>Leases</i>	C
NZ IAS 18 <i>Revenue</i>	PBE IPSAS 9 <i>Revenue from Exchange Transactions</i>	C
NZ IAS 19 <i>Employee Benefits</i> (amended 2011, effective 1 Jan 2013)	PBE IPSAS 25 <i>Employee Benefits</i>	D
NZ IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	A summary of the requirements has been provided. No comparison has been included because there is no directly comparable PBE Standard. Government grants could be exchange or non-exchange transactions. The relevant PBE Standards to consider are PBE IPSAS 9 <i>Revenue from Exchange Transactions</i> and PBE IPSAS 23 <i>Revenue from Non-Exchange Transactions</i> . Refer to the comparison between NZ IAS 18 <i>Revenue</i> and PBE IPSAS 9 and refer to information on PBE IPSAS 23 in Section E.	E
NZ IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	PBE IPSAS 4 <i>The Effects of Changes in Foreign Exchange Rates</i>	C
NZ IAS 23 <i>Borrowing Costs</i> (revised 2007)	PBE IPSAS 5 <i>Borrowing Costs</i>	C
NZ IAS 24 <i>Related Party Disclosures</i>	No comparison has been included between NZ IAS 24 and PBE IPSAS 20 <i>Related Party Disclosures</i> because they specify disclosure requirements.	N/A
NZ IAS 26 <i>Accounting and Reporting by Retirement Benefit Plans</i>	No comparison has been included because there is no equivalent PBE Standard.	N/A
NZ IAS 27 <i>Separate Financial Statements</i> (effective 1 Jan 2013)	PBE IPSAS 6 <i>Consolidated and Separate Financial Statements</i>	D
NZ IAS 28 <i>Investments in Associates and Joint Ventures</i> (amended 2011, effective 1 Jan 2013)	PBE IPSAS 7 <i>Investments in Associates</i>	D
NZ IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	PBE IPSAS 10 <i>Financial Reporting in Hyperinflationary Economies</i>	C
NZ IAS 32 <i>Financial Instruments: Presentation</i>	PBE IPSAS 28 <i>Financial Instruments: Presentation</i>	C
NZ IAS 33 <i>Earnings per Share</i>	No comparison has been included because there is no equivalent PBE Standard.	N/A

Standards and interpretations for Tier 1 For-Profit Entities (NZ IFRSs)	Standards for Tier 1 PBEs (PBE Standards)	Part
NZ IAS 34 <i>Interim Financial Reporting</i>	No comparison has been included between NZ IFRS 34 and PBE IAS 34 <i>Interim Financial Reporting</i> because there are no significant differences.	N/A
NZ IAS 36 <i>Impairment of Assets</i>	PBE IPSAS 21 <i>Impairment of Non-Cash-Generating Assets</i> PBE IPSAS 26 <i>Impairment of Cash-Generating Assets</i>	C
NZ IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	PBE IPSAS 19 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	C
NZ IAS 38 <i>Intangible Assets</i>	PBE IPSAS 31 <i>Intangible Assets</i>	C
NZ IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (NZ IAS 39 will be superseded by NZ IFRS 9)	PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i>	C
NZ IAS 40 <i>Investment Property</i>	PBE IPSAS 16 <i>Investment Property</i>	C
NZ IAS 41 <i>Agriculture</i>	PBE IPSAS 27 <i>Agriculture</i>	C
FRS-42 <i>Prospective Financial Statements</i>	No comparison has been included between FRS-42 and PBE FRS 42 <i>Prospective Financial Statements</i> because there are no significant differences.	N/A
FRS-43 <i>Summary Financial Statements</i>	No comparison has been included between FRS-43 and PBE FRS 43 <i>Summary Financial Statements</i> because there are no significant differences.	N/A
FRS-44 <i>New Zealand Additional Disclosures</i>	No comparison has been included because FRS-44 specifies disclosure requirements.	N/A
No comparison has been included because (i) PBE IPSAS 22 specifies disclosure requirements and (ii) there is no equivalent for-profit standard.	PBE IPSAS 22 <i>Disclosure of Information About the General Government Sector</i>	N/A
No comparison has been included because there is no directly comparable for-profit standard.	PBE IPSAS 23 <i>Revenue from Non-Exchange Transactions</i>	E
No comparison has been included because there is no equivalent for-profit standard.	PBE IPSAS 32 <i>Service Concession Arrangements: Grantor</i>	N/A

Standards and interpretations for Tier 1 For-Profit Entities (NZ IFRSs)	Standards for Tier 1 PBEs (PBE Standards)	Part
NZ IFRIC 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	Incorporated in PBE IPSAS 19 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .	C
NZ IFRIC 2 <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	Incorporated in PBE IPSAS 28 <i>Financial Instruments: Presentation</i> .	C
NZ IFRIC 4 <i>Determining whether an Arrangement contains a Lease</i>	Incorporated in PBE IPSAS 13 <i>Leases</i> .	C
NZ IFRIC 5 <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	Incorporated in PBE IPSAS 19 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .	C
NZ IFRIC 6 <i>Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</i>	Incorporated in PBE IPSAS 19 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .	C
NZ IFRIC 7 <i>Applying the Restatement Approach under NZ IAS 29 Financial Reporting in Hyperinflationary Economies</i>	Not incorporated into the PBE Standards.	N/A
NZ IFRIC 9 <i>Reassessment of Embedded Derivatives</i> NZ IFRIC 9 will be superseded by NZ IFRS 9.	Incorporated in PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i> .	C
NZ IFRIC 10 <i>Interim Financial Reporting and Impairment</i>	Incorporated in PBE IAS 34 <i>Interim Financial Reporting</i> .	N/A
NZ IFRIC 12 <i>Service Concession Arrangements</i>	No comparison has been included between NZ IFRIC 12 and PBE FRS 45 <i>Service Concession Arrangements: Operator</i> because there are no significant differences.	N/A
NZ IFRIC 13 <i>Customer Loyalty Programmes</i>	Not incorporated in PBE IPSAS 9 <i>Revenue from Exchange Transactions</i> .	N/A
NZ IFRIC 14 NZ IAS 19 – <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	Not incorporated in PBE IPSAS 25 <i>Employee Benefits</i> .	N/A
NZ IFRIC 15 <i>Agreements for the Construction of Real Estate</i>	Incorporated in PBE IPSAS 11 <i>Construction Contracts</i> .	C
NZ IFRIC 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	Incorporated in PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i> .	C

Standards and interpretations for Tier 1 For-Profit Entities (NZ IFRSs)	Standards for Tier 1 PBEs (PBE Standards)	Part
NZ IFRIC 17 <i>Distributions of Non-cash Assets to Owners</i>	PBE IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> contains requirements regarding non-cash distributions to owners but does not incorporate NZ IFRIC 17.	C
NZ IFRIC 18 <i>Transfers of Assets from Customers</i>	Not incorporated in PBE IPSAS 9 <i>Revenue from Exchange Transactions</i> .	N/A
NZ IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	Not incorporated in PBE IPSAS 28 <i>Financial Instruments: Presentation</i> .	N/A
NZ IFRIC 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	Not incorporated in PBE Standards.	N/A
NZ SIC-7 <i>Introduction of the Euro</i>	Not incorporated in PBE IPSAS 4 <i>The Effects of Changes in Foreign Exchange Rates</i> .	N/A
NZ SIC-10 <i>Government Assistance—No Specific Relation to Operating Activities</i>	Not incorporated in PBE Standards. Depending on the nature of such assistance, PBE IPSAS 23 <i>Revenue from Non-Exchange Transactions</i> or PBE IPSAS 9 <i>Revenue from Exchange Transactions</i> may be applicable.	N/A
NZ SIC-12 <i>Consolidation—Special Purpose Entities</i> Superseded by NZ IFRS 10 which is effective 1 Jan 2013.	Not incorporated in PBE Standards. The issues addressed by this NZ SIC are addressed in PBE IPSAS 6 <i>Consolidated and Separate Financial Statements</i> .	D
NZ SIC-13 <i>Jointly Controlled Entities—Non-monetary Contributions by Venturers</i> Superseded by NZ IFRS 11 which is effective 1 Jan 2013.	Incorporated in PBE IPSAS 8 <i>Interests in Joint Ventures</i> .	D
NZ SIC-15 <i>Operating Leases—Incentives</i>	Incorporated in PBE IPSAS 13 <i>Leases</i> .	C
NZ SIC-25 <i>Income Taxes—Changes in the Tax Status of an Entity or its Shareholders</i>	Incorporated in PBE IAS 12 <i>Income Taxes</i> .	C
NZ SIC-27 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	Incorporated in PBE IPSAS 13 <i>Leases</i> .	C
NZ SIC-29 <i>Service Concession Arrangements: Disclosures</i>	No comparison has been included because NZ SIC-29 specifies disclosure requirements.	N/A
NZ SIC-31 <i>Revenue—Barter Transactions Involving Advertising Services</i>	Not incorporated in PBE IPSAS 9 <i>Revenue from Exchange Transactions</i> .	N/A
NZ SIC-32 <i>Intangible Assets—Web Site Costs</i>	Incorporated in PBE IPSAS 31 <i>Intangible Assets</i> .	C

Part B: Generic Differences

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

The following generic differences have been identified.

	Tier 1 For-Profit Entities (NZ IFRSs)	Tier 1 PBEs (PBE Standards)	Notes on Differences
Scope	Tier 1 for-profit entities are currently applying NZ IFRSs.	Tier 1 and Tier 2 PBEs apply PBE Standards for annual financial statements covering periods beginning on or after 1 July 2014. Earlier application is not permitted. Proposals for NFP enhancements for NFP PBEs are under consultation. It is proposed that NFP PBEs shall apply PBE Standards (as modified for application by NFPs) for annual financial statements covering periods beginning on or after 1 April 2015. It is proposed that earlier application be permitted as long as the full suite of PBE Standard is applied at the same time.	Entities apply XRB A1 (FP Entities + PS PBEs Update) <i>Accounting Standards Framework (For-Profit Entities plus Public Benefit Entities Update)</i> in determining which suite of standards to apply.
Purpose of financial statements	The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it. NZ IAS 1, paragraph 9	The objective of general purpose financial statements are to provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Specifically, the objectives of general purpose financial reporting should be to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it. PBE IPSAS 1, paragraphs 15 to 17	The objective of financial statements is broader under PBE IPSAS 1. There is more emphasis on accountability.

	Tier 1 For-Profit Entities (NZ IFRSs)	Tier 1 PBEs (PBE Standards)	Notes on Differences
Service potential	The standards refer to economic benefits (for example, refer to the definition of an asset in the NZ Framework).	PBE Standards refer to service potential and economic benefits. PBE IPSAS 1, paragraphs 7 and 11	PBEs need to consider service potential in a range of circumstances, including when applying the definitions of elements.
Elements			
Asset	An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. NZ Framework, paragraph 4.4	Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity. PBE IPSAS 1, paragraph 7	PBEs need to consider service potential when applying the definition of an asset.
Liability	A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. NZ Framework, paragraph 4.4	Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential. PBE IPSAS 1, paragraph 7	PBEs need to consider service potential when applying the definition of a liability.
Net assets/ Equity	Equity is the residual interest in the assets of the entity after deducting all its liabilities. NZ Framework, paragraph 4.4	Net assets/equity is the residual interest in the assets of the entity after deducting all its liabilities. PBE IPSAS 1, paragraph 7	The definition is the same except PBE Standards use the term “net assets/equity”.
Revenue/ Income	Income is increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants. The definition of income encompasses both revenue and gains. Revenue arises in the course of the ordinary activities of an entity and is referred to by a variety of different names	The PBE Framework continues to use the terminology adopted in NZ IFRSs to describe the financial statements and other elements. For example, the term “income” as used in the PBE Framework, reflects the definition of that term in NZ IFRSs. However, the equivalent term in PBE Standards is “revenue”. PBE Framework, rubric Revenue is the gross inflow of economic benefits or service potential during the	A broader definition of revenue is contained in PBE Standards, which includes both revenues and gains. PBEs need to consider service potential when applying the definition of revenue.

	Tier 1 For-Profit Entities (NZ IFRSs)	Tier 1 PBEs (PBE Standards)	Notes on Differences
	including sales, fees, interest, dividends, royalties and rent. NZ Framework, paragraphs 4.25 and 4.29	reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners. PBE IPSAS 1, paragraph 7	
Expenses	Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. NZ Framework, paragraph 4.25	Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners. PBE IPSAS 1, paragraph 7	PBEs need to consider service potential when applying the definition of expenses.
Other definitions			
Material	Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor. NZ IAS 1, paragraph 7	Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature and size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. PBE IPSAS 1, paragraphs 7 and 13	The definition in NZ IAS 1 refers only to decisions and is limited to omissions or misstatements that could affect <i>economic</i> decisions.
Economic entity/Group	A group is a parent and its subsidiaries. NZ IFRS 10, Appendix A	An economic entity is a group of entities comprising the controlling entity and any controlled entities. PBE IPSAS 5, paragraph 7	Different terminology is used to describe groups of entities and the relationships between entities within the group.

Part C: Specific Differences – Standards that are Directly Comparable

NZ FRAMEWORK

New Zealand Equivalent to the IASB *Conceptual Framework for Financial Reporting 2010* (NZ Framework) (issued February 2011).

Public Benefit Entities' *Framework* (based on New Zealand Equivalent to the IASB *Conceptual Framework for Financial Reporting (2010)*): Part B – Public Benefit Entities Only (NZ Framework: Part B))

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

	NZ Framework	PBE Framework	Notes on Differences
Users	Users of general purpose financial reports are identified as existing and potential investors, lenders and other creditors. Paragraph OB2	Users of general purpose financial reports are identified as present and potential investors, employees, lenders, suppliers and other trade creditors, customers, governments and their agencies and the public. These users use financial statements in order to satisfy some of their different needs for information. Paragraph 9 The users of financial statements in the New Zealand context also include funders and financial supporters (for example, taxpayers and donors), and elected or appointed representatives. Paragraph 9.1	The PBE <i>Framework</i> identifies a broader range of users.
Objectives	The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity. Those	The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions. Paragraph 12	The PBE <i>Framework</i> specifically highlights the objective of demonstrating accountability.

	NZ Framework	PBE Framework	Notes on Differences
	<p>decisions involve buying, selling or holding equity and debt instruments, and providing or settling loans and other forms of credit. Paragraph OB2</p> <p>To assess an entity's prospects for future net cash inflows, existing and potential investors, lenders and other creditors need information about the resources of the entity, claims against the entity, and how efficiently and effectively the entity's management and governing board have discharged their responsibilities to use the entity's resources. Paragraph OB4</p>	<p>In the New Zealand context, users of financial statements of New Zealand entities may also be interested in how well an entity has demonstrated its accountability in relation to a range of obligations including the entity's compliance with legislation, regulations, common law and contractual arrangements. Paragraph 14.1</p>	
	<p>The NZ <i>Framework</i> does not specifically address non-financial information.</p>	<p>The PBE <i>Framework</i> includes guidance on non-financial and supplementary information. Paragraphs 20.1-20.9</p>	<p>The NZ <i>Framework</i> does not specifically acknowledge non-financial information.</p>
	<p>The NZ <i>Framework</i> states that accrual accounting depicts the effects of transactions and other events and circumstances on a reporting entity's economic resources and claims in the periods in which those effects occur, even if the resulting cash receipts and payments occur in a different period. Paragraph OB17</p>	<p>One of the underlying assumptions is that financial statements are prepared on the accrual basis of accounting. Paragraph 22</p>	<p>Both Frameworks have been developed with the accrual basis in mind. The accrual basis, however, is not a stated assumption in the NZ <i>Framework</i>.</p>
Qualitative characteristics	<p>The fundamental qualitative characteristics of useful financial information are relevance and faithful representation. Paragraph QC5</p> <p>Comparability, verifiability, timeliness and understandability are enhancing qualitative</p>	<p>The four principal qualitative characteristics are understandability, relevance, reliability and comparability.</p> <p>The qualitative characteristics (and constraints) apply to both financial and non-financial information.</p>	<p>The NZ <i>Framework</i> distinguishes between fundamental and enhancing qualitative characteristics; the PBE <i>Framework</i> does not make such a distinction.</p> <p>The NZ <i>Framework</i> does not specifically address the qualities of non-financial information.</p>

	NZ Framework	PBE Framework	Notes on Differences
	characteristics that enhance the usefulness of information that is relevant and faithfully represented. Paragraph QC19	Paragraphs 5, 24 and 101.3	
Definitions	An asset is defined as a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. Paragraph 4.4(a)	An asset is defined as a resource controlled by the entity as a result of past events and from which future economic benefits <i>or service potential</i> are expected to flow to the entity. Paragraph 49(a) The PBE <i>Framework</i> refers to future economic benefits and service potential. Assets provide a means for entities to achieve their objectives. Assets that are used to deliver goods and services in accordance with an entity's objectives but which do not directly generate net cash inflows are often described as embodying service potential. Assets that are used to generate net cash inflows are often described as embodying "future economic benefits". Paragraph 49.1	–
	The NZ <i>Framework</i> focuses on financial performance, which is described as being reflected by changes in an entity's economic resources and claims (other than obtaining additional resources directly from investors and creditors). Paragraph OB18	The PBE <i>Framework</i> states that the performance of public benefit entities has two aspects: financial and non-financial. Paragraph 68.1	The PBE <i>Framework</i> refers to both financial and non-financial performance.
	The definitions of income and expenses refer to inflows and outflows other than those relating	References to contributions from, or distributions to, equity participants should be	–

	NZ Framework	PBE Framework	Notes on Differences
	to contributions from/distributions to equity participants. Paragraph 4.25	read as contributions from, or distributions to, equity holders acting in their capacity as equity holders. Paragraph 70.1	
Recognition	–	The PBE <i>Framework</i> states that the elements reported in non-financial and supplementary information and how these elements are defined will depend on a range of factors, including: (a) Legislative requirements; and (b) The entity’s specific objectives, activities and accountability obligations. The elements of service performance are inputs, outputs and outcomes. Paragraphs 101.1-101.2	–

FIRST-TIME ADOPTION

NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*. Based on IFRS 1 (2008).

PBE FRS 47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRSs*

No comparison has been included between NZ IFRS 1 and PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRSs* because these two standards are not equivalent. They address different types of transitions.

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

	NZ IFRS 1	PBE FRS 47	Notes on Differences
Scope	NZ IFRS 1 applies to all Tier 1 and 2 for-profit entities adopting NZ IFRS for the first time. Paragraphs 2.1 and 3	PBE FRS 47 applies where an entity previously presented general purpose financial statements that did not comply with NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep or NZ IFRS RDR in the immediately preceding period. Paragraph 4	NZ IFRS 1 applies to all Tier 1 and 2 for-profit entities adopting NZ IFRS for the first time, irrespective of the accounting standards applied in the immediately preceding period. PBE FRS 47 applies where an entity previously presented general purpose financial statements that did not comply with NZ IFRS PBE, NZ IFRS, NZ IFRS Diff Rep or NZ IFRS RDR in the immediately preceding period. Most PBEs would previously have been required to report in accordance with NZ IFRS with PBE paragraphs and therefore would not apply PBE FRS 47. Instead they would have to apply PBE FRS 46.
Definitions	Fair value Fair value is 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. Appendix A	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Paragraph 9	The definition of fair value in NZ IFRS 1 more explicitly refers to an exit price.

	NZ IFRS 1	PBE FRS 47	Notes on Differences
Recognition and measurement	–	<p>Revenue from non-exchange transactions</p> <p>On first-time adoption of PBE Standards, assets and liabilities arising from revenue from non-exchange transactions that occurred before the date of transition to PBE Standards are recognised and measured in accordance with PBE Standards. The entity shall recognise any resulting change by adjusting net assets/equity. Paragraph C21</p>	There is no standard on non-exchange transactions in NZ IFRS. Some non-exchange transactions could fall within the scope of NZ IAS 20.
	–	<p>Service concession arrangements: Grantor</p> <p>Where a grantor entity had previously accounted for service concession arrangements in accordance with IPSAS 32 <i>Service Concession Arrangements: Grantor</i>, the entity shall retain that accounting policy on transition to the PBE Standards. Paragraph C22</p> <p>Where a grantor entity had not previously recognised service concession assets and related liabilities, revenues or expenses in accordance with IPSAS 32, the entity shall either:</p> <p>(a) Apply the requirements in PBE IPSAS 32 retrospectively in accordance with PBE IPSAS 3; or</p> <p>(b) Recognise and measure service concession assets and related liabilities at deemed cost at the date of transition to PBE Standards in accordance with paragraphs C24–C28 of this Standard.</p>	There is no equivalent to PBE IPSAS 32 in NZ IFRSs.

	NZ IFRS 1	PBE FRS 47	Notes on Differences
		Paragraph C23	
	<p>The effects of changes in foreign exchange rates</p> <p>An entity may need to make estimates in accordance with NZ IFRSs at the date of transition to NZ IFRSs that were not required at that date under previous GAAP. To achieve consistency with NZ IAS 10, those estimates in accordance with NZ IFRSs shall reflect conditions that existed at the date of transition to NZ IFRSs. In particular, estimates at the date of transition to NZ IFRSs of market prices, interest rates or foreign exchange rates shall reflect market conditions at that date.</p> <p>Paragraph 16</p>	<p>An entity that previously translated a transaction measured in a foreign currency using an exchange rate at settlement date rather than an exchange rate at transaction date need not restate the transaction recognised in the periods prior to the date of transition to PBE Standards to comply with PBE IPSAS 4. The entity may apply PBE IPSAS 4 prospectively from the date of transition to PBE Standards.</p> <p>Paragraph C29</p>	<p>NZ IFRS 1 requires that foreign exchange rates reflect market conditions at the date of transition.</p> <p>PBE FRS 47 does not require an entity to restate a transaction that was recognised in a prior period and measured in a foreign currency using an exchange rate at settlement date.</p>
	–	<p>Intangible assets</p> <p>An entity that previously expensed all development costs in the period in which they were incurred need not apply PBE IPSAS 31 to those expenses recognised in the periods prior to the date of transition to PBE Standards. The entity may apply PBE IPSAS 31 prospectively from the date of transition to PBE Standards.</p> <p>Paragraph C30</p>	–
	<p>Other exceptions</p> <p>NZ IFRS 1 provides exceptions to retrospective application in respect of non-controlling interests and government loans.</p> <p>Paragraph B1</p>	–	–

	NZ IFRS 1	PBE FRS 47	Notes on Differences
	<p>Other exemptions</p> <p>Exemptions are provided in respect of:</p> <ul style="list-style-type: none"> (a) Share-based payment transactions (paragraphs D2 and D3); (b) Insurance contracts (paragraph D4); (c) Transfers of assets from customers (paragraph D24); (d) Extinguishing financial liabilities with equity instruments (paragraph D25); (e) Severe hyperinflation (paragraphs D26–D30); (f) Joint arrangements (paragraph D31); and (g) Stripping costs in the production of a surface mine (paragraph D32). <p>Paragraph D1</p>	<p>–</p>	<p>–</p>

BUSINESS COMBINATIONS

NZ IFRS 3 *Business Combinations*. Based on IFRS 3 (2008).

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	NZ IFRS 3	PBE IFRS 3	Notes on Differences
Scope	–	PBE IFRS 3 does not apply to a business combination arising from a local authority reorganisation.	–

INSURANCE CONTRACTS

NZ IFRS 4 *Insurance Contracts*. Based on IFRS 4 (2004).

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	NZ IFRS 4	PBE IFRS 4	Notes on Differences
Scope	NZ IFRS 4 does not apply to financial guarantee contracts unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts, in which case the issuer may elect to apply either NZ IAS 39 and NZ IAS 32 or NZ IFRS 4 to such financial guarantee contracts. The issuer may make that election contract by contract, but the election for each contract is irrevocable.	PBE IFRS 4 does not apply to financial guarantee contracts unless the issuer has previously applied accounting applicable to insurance contracts and adopted an accounting policy that treated financial guarantee contracts as insurance contracts, or the entity previously did not apply accounting applicable to insurance contracts but elects to treat financial guarantee contracts as insurance contracts on adoption of PBE IPSAS 28. In such cases the issuer may elect to apply either PBE IPSAS 29 and PBE IPSAS 28 or this Standard to such financial guarantee contracts. The issuer may make that election contract by contract, but the election for each contract is irrevocable.	–

INVENTORIES

NZ IAS 2 *Inventories*. Issued November 2004. Based on IAS 2 (revised 2003).

PBE IPSAS 12 *Inventories*. IPSAS 12 (2006 and including IPSASB November 2010 *Improvements*) is based on IAS 2 (revised 2003).

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	NZ IAS 2	PBE IPSAS 12	Notes on Differences
Scope	–	Exclusions Excluded from the scope is work in progress of services to be provided for no or nominal consideration directly in return from the recipients. Paragraph 2	–
Definitions	Inventories The definition of inventories refers to inventories held for sale in the ordinary course of business. Paragraph 6	The definition of inventories specifically refers to inventories held for sale or distribution in the ordinary course of operations. Paragraph 9	–
	–	PBE IPSAS 12 clarifies that unissued currency, postal stamps and stockpiles fall within the definition of inventories. Paragraphs 13 and 14	–
	Fair value Fair value is 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. (See NZ IFRS 13 <i>Fair Value Measurement</i> .)	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. PBE IPSAS 9, paragraph 11	The definition of fair value in NZ IFRS 13 more explicitly refers to an exit price.

	NZ IAS 2	PBE IPSAS 12	Notes on Differences
	Paragraphs 6 and 7		
Measurement	<p>Lower of cost and net realisable value</p> <p>NZ IAS 2 requires inventories to be measured at the lower of cost and net realisable value.</p> <p>Paragraph 9</p>	<p>PBE IPSAS 12 requires inventories to be measured at the lower of cost and net realisable value, except for:</p> <p>(a) inventories acquired through a non-exchange transaction, where cost is measured at fair value as at the date of acquisition; and</p> <p>(b) inventories held for (i) distribution at no charge or for a nominal charge or (ii) inventories held for consumption in the production process of goods or the rendering of services to be distributed at no charge or for a nominal charge. Such inventories are measured at cost, adjusted when applicable for any loss of service potential.</p> <p>Paragraphs 15 to 17</p>	<p>Inventories acquired through a non-exchange transaction may be measured differently.</p> <p>Inventories held for distribution (directly or following conversion) may be measured differently.</p>
	–	<p>Distributing goods for no or nominal charge</p> <p>PBE IPSAS 12 notes that an entity may hold inventories whose future economic benefits or service potential are not directly related to their ability to generate net cash inflows. These types of inventories may arise when an entity has determined to distribute certain goods at no charge or for a nominal amount. In these cases, the future economic benefits or service potential of the inventory for financial reporting purposes is reflected by the amount the entity</p>	–

	NZ IAS 2	PBE IPSAS 12	Notes on Differences
		<p>would need to pay to acquire the economic benefits or service potential if this was necessary to achieve the objectives of the entity. Where the economic benefits or service potential cannot be acquired in the market, an estimate of replacement cost will need to be made. If the purpose for which the inventory is held changes, then the inventory is valued using the provisions of paragraph 15.</p> <p>Paragraph 43</p>	
	<p>Techniques for measuring cost</p> <p>NZ IAS 2 provides guidance on using the retail method to measure inventory. The retail method is often used in the retail industry for measuring inventories of large numbers of rapidly changing items with similar margins for which it is impracticable to use other costing methods. The cost of the inventory is determined by reducing the sales value of the inventory by the appropriate percentage gross margin. The percentage used takes into consideration inventory that has been marked down to below its original selling price. An average percentage for each retail department is often used.</p> <p>Paragraph 22</p>	<p>–</p>	<p>–</p>

ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Issued November 2004. Based on IAS 8 (2003).

PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*. IPSAS 3 (2006 and including IPSASB January and November 2010 *Improvements*) is based on IAS 8 (revised 2003) and IASB May 2008 *Improvements*.

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	NZ IAS 8	PBE IPSAS 3	Notes on Differences
Other	<p>Correction of errors: Tax effects</p> <p>Requires the tax effects of corrections of prior period errors and of retrospective adjustments made to apply changes in accounting policies to be accounted for and disclosed in accordance with NZ IAS 12.</p> <p>Paragraph 4</p>	<p>The tax effects of corrections of prior period errors and of retrospective adjustments made to apply changes in accounting policies are not considered in PBE IPSAS 3, as they are not relevant for many public benefit entities.</p> <p>Paragraph 4</p>	<p>PBE IAS 12 <i>Income Taxes</i> contains guidance on the treatment of tax effects.</p>
	<p>Accounting policies</p> <p>In the absence of a specific NZ IFRS that applies to a transaction etc, management shall consider:</p> <p>(a) The requirements in NZ IFRSs dealing with similar and related issues; and</p> <p>(b) The definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the <i>NZ Framework</i>.</p> <p>Paragraph 11</p> <p>In making the judgement described in paragraph 10, management may also consider the most recent pronouncements of other standard-setting bodies that use a similar</p>	<p>In making the judgement, described in paragraph 12, management shall refer to, and consider the applicability of, the following sources in descending order:</p> <p>(a) The requirements in PBE Standards dealing with similar and related issues; and</p> <p>(b) The definitions, recognition and measurement criteria for assets, liabilities, revenue and expenses described in other PBE Standards; and</p> <p>(c) The <i>PBE Framework</i>.</p> <p>In making the judgement described in paragraph 12, management may also consider</p> <p>(a) the most recent pronouncements of other</p>	<p>–</p>

	NZ IAS 8	PBE IPSAS 3	Notes on Differences
	conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources in paragraph 11. Paragraph 12	standard-setting bodies, and (b) accepted practices for public benefit entities with recourse to private sector practices if necessary, but only to the extent that these do not conflict with the sources in paragraph 14. Paragraphs 14 and 15	

EVENTS AFTER THE REPORTING DATE

NZ IAS 10 *Events After the Reporting Period*. Issued November 2004. Based on IAS 10 (2003).

PBE IPSAS 14 *Events after the Reporting Date*. IPSAS 14 (2006 and including IPSASB January 2010 *Improvements*) is based on IAS 10 *Events after the Balance Sheet Date* (revised 2003) and IASB May 2008 *Improvements*.

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	NZ IAS 10	PBE IPSAS 14	Notes on Differences
Definitions	–	<p>Date of authorisation</p> <p>In order to determine which events satisfy the definition of events after the reporting date, it is necessary to identify both the reporting date and the date on which the financial statements are authorised for issue. The reporting date is the last day of the reporting period to which the financial statements relate. The date of authorisation for issue is the date on which the financial statements have received approval from the individual or body with the authority to finalise those statements for issue.</p> <p>Paragraphs 6</p> <p>Further guidance is provided in paragraphs 7 and 8.</p>	–
	–	<p>Adjusting events after the reporting date</p> <p>PBE IPSAS 14 includes the following additional examples of adjusting events after the reporting date:</p> <p>(a) the determination after the reporting date of the amount of revenue collected during the reporting period to be shared with another entity under a revenue-sharing</p>	–

	NZ IAS 10	PBE IPSAS 14	Notes on Differences
		<p>agreement in place during the reporting period; and</p> <p>(b) The determination after the reporting date of performance bonus payments to be made to staff if the entity had a present legal or constructive obligation at the reporting date to make such payments as a result of events before that date.</p> <p>Paragraph 11</p>	
	–	<p>Non-adjusting events after the reporting date</p> <p>PBE IPSAS 14 includes an additional example of a non-adjustment event. Where an entity charged with operating a particular service programme decides after the reporting date, but before the financial statements are authorised, to provide or distribute additional benefits to participants, the entity would not adjust the expenses recognised in its financial statements in the current reporting period (although the additional benefits may meet the conditions for disclosure as non-adjusting events in paragraph 29).</p> <p>Paragraph 13</p>	–
Measurement	–	<p>Going concern</p> <p>PBE IPSAS 14 states that the assessment of going concern is likely to be of more relevance for individual entities than for a government as a whole.</p> <p>Paragraph 17</p> <p>PBE IPSAS 14 discusses the assessment of going</p>	–

	NZ IAS 10	PBE IPSAS 14	Notes on Differences
		<p>concern in a PBE context. Paragraphs 19 to 21</p> <p>PBE IPSAS 14 states that judgement is required in determining the impact of changes in the going concern assumption on the carrying value of assets and liabilities recognised in the financial statements. Paragraph 22</p> <p>PBE IPSAS 14 states that, when the going concern assumption is no longer appropriate, it is also necessary to consider whether the change in circumstances leads to the creation of additional liabilities or triggers clauses in debt contracts leading to the reclassification of certain debts as current liabilities. Paragraph 23</p>	

CONSTRUCTION CONTRACTS

NZ IAS 11 *Construction Contracts*. Issued November 2004. Based on IAS 11 (revised 1993).

NZ IFRIC 15 *Agreements for the Construction of Real Estate* (Aug 2008).

PBE IPSAS 11 *Construction Contracts*. IPSAS 11 (2001) is based on IAS 11 (revised 1993).

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	NZ IAS 11	PBE IPSAS 11	Notes on Differences
Definitions and scope	<p>Construction contract</p> <p>A construction contract is defined as a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.</p> <p>Paragraph 3</p>	<p>Construction contract is defined as a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology, and function or their ultimate purpose or use.</p> <p>Paragraph 4</p> <p>Construction contracts also include all arrangements that are binding on the parties to the arrangement, but which may not take the form of a documented contract. However, provided that the arrangement confers similar rights and obligations on the parties to it as if it were in the form of a contract, it is a construction contract. Such binding arrangements could include (but are not limited to) a ministerial direction, a cabinet decision, a legislative direction (such as an Act of Parliament), or a memorandum of understanding.</p> <p>Paragraph 7</p>	–

	NZ IAS 11	PBE IPSAS 11	Notes on Differences
	–	<p>Cost-plus and cost-based contracts</p> <p>Cost plus and cost-based contracts encompass both commercial and non-commercial contracts. A commercial contract will specify that revenue to cover the agreed constructor's construction costs and generate a profit margin will be provided by the other parties to the contract. However, an entity may also enter into a non-commercial contract to construct an asset for another entity in return for full or partial reimbursement of costs from that entity or other parties. In some cases, the cost recovery may encompass payments by the recipient entity and specific purpose construction grants or funding from other parties.</p> <p>Paragraph 9</p>	–
	<p>Agreement for construction of real estate</p> <p>NZ IFRIC 15 explains that determining whether an agreement for the construction of real estate is within the scope of NZ IAS 11 or NZ IAS 18 <i>Revenue</i> depends on judgement, the terms of the agreement and all the surrounding facts and circumstances.</p> <p>NZ IFRIC 15, paragraph 10</p>	<p>PBE IPSAS 11 includes integral application guidance based on NZ IFRIC 15.</p>	–
	–	<p>Fixed price contracts</p> <p>In many jurisdictions, where one entity constructs assets for another entity, the cost of construction activity is not recovered directly from the recipient. Rather, the construction activity is funded indirectly (a) by way of a</p>	–

	NZ IAS 11	PBE IPSAS 11	Notes on Differences
		<p>general appropriation or other allocation of government funds to the contractor, or (b) from grants from third party funding agencies or other governments. PBE IPSAS 11 requires that these are classified as fixed price contracts for the purpose of this Standard.</p> <p>Paragraph 10</p>	
Recognition	–	<p>Third party involvement</p> <p>PBE IPSAS 11 requires that contractors review all amounts relating to the construction contract that are paid directly to subcontractors by third party funding agencies, to determine whether they meet the definition of, and recognition criteria for, revenue of the contractor under the terms of the contract. Amounts meeting the definition and recognition criteria for revenue should be accounted for by the contractor in the same way as other contract revenue. Such amounts should also be recognised as contract costs (see paragraph 25). Funding agencies may include national and international aid agencies and multilateral and bilateral development banks.</p> <p>Paragraph 22</p>	–
	<p>Attributable costs</p> <p>Paragraph 18 of NZ IAS 11 lists examples of costs that may be attributable to contract activity in general and can be allocated to specific contracts. Paragraph 18(b) refers to costs of design <i>and technical assistance</i> that are</p>	<p>Paragraph 26 of PBE IPSAS 11 lists examples of costs that may be attributable to contract activity in general and can be allocated to specific contracts. Paragraph 26(b) refers to costs of design that are not directly related to a</p>	–

	NZ IAS 11	PBE IPSAS 11	Notes on Differences
	not directly related to a specific contract. Paragraph 18	specific contract. Paragraph 26	
	<p>Expected losses</p> <p>When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately. Paragraph 36</p>	<p>In respect of construction contracts in which it is intended at inception of the contract that contract costs are to be fully recovered from the parties to the construction contract, when it is probable that total contract costs will exceed total contract revenue, PBE IPSAS 11 requires that the expected deficit be recognised as an expense immediately. Paragraph 44</p> <p>In some cases an entity may enter into a construction contract for less than full cost recovery from the other parties to the contract. In these cases, funding in excess of that specified in the construction contract will be provided from an appropriation or other allocation of government funds to the contractor, or from grants from third party funding agencies or other governments. The requirements of paragraph 44 do not apply to these construction contracts. Paragraph 46</p> <p>In determining the amount of any deficit under paragraph 44, total contract revenue and total contract costs may include payments made directly to subcontractors by third party funding agencies. Paragraph 47</p>	–

INCOME TAXES

NZ IAS 12 *Income Taxes*. Issued November 2004. Based on IAS 12 (revised 2000).

NZ SIC-25 *Income Taxes—Changes in the Tax Status of an Entity of its Shareholders* (Nov 2004). Incorporated in PBE IAS 12.

NZ IFRIC 7 *Applying the Restatement Approach under NZ IAS 29 Financial Reporting in Hyperinflationary Economies* (Dec 2005). Not incorporated in PBE IAS 12.

PBE IAS 12 *Income Taxes*. Based on NZ IAS 12.

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	NZ IAS 12	PBE IAS 12	Notes on Differences
Recognition	<p>Changes in an entity's tax status</p> <p>NZ SIC-25 contains guidance on recognising the impact of changes in an entity's tax status.</p>	<p>PBE IAS 12 includes integral application guidance based on NZ SIC-25.</p>	<p>–</p>
	<p>Hyperinflation</p> <p>NZ IFRIC 7 provides guidance on how to apply the requirements of NZ IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period, and the entity therefore restates its financial statements in accordance with NZ IAS 29.</p> <p>NZ IFRIC 7 Paragraph 1</p>	<p>–</p>	<p>PBE IPSAS 12 does not include guidance on this matter. NZ IFRIC 7 is not incorporated in PBE IAS 12.</p>

PROPERTY, PLANT AND EQUIPMENT

NZ IAS 16 *Property, Plant and Equipment*. Issued November 2004. Based on IAS 16 (2003).

NZ IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (Dec 2011). Not incorporated in PBE Standards.

PBE IPSAS 17 *Property, Plant and Equipment*. IPSAS 17 (2006 and including IPSASB January 2010 and October 2011 *Improvements*) is based on IAS 16 (2003) and IASB May 2008 *Improvements*.

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	NZ IAS 16	PBE IPSAS 17	Notes on Differences
Scope	–	Inclusions This Standard applies to property, plant and equipment including: <ul style="list-style-type: none"> (a) Specialist military equipment; (b) Infrastructure assets; (c) Service concession arrangement assets after initial recognition and measurement in accordance with PBE IPSAS 32 <i>Service Concession Arrangements: Grantor</i>; and (d) Heritage assets. Paragraph 5 	–
	Exclusions This Standard does not apply to: <ul style="list-style-type: none"> (a) Property, plant and equipment classified as held for sale in accordance with NZ IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>; (b) Biological assets related to agricultural activity (see NZ IAS 41 <i>Agriculture</i>); (c) The recognition and measurement of 	This Standard does not apply to: <ul style="list-style-type: none"> (a) Biological assets related to agricultural activity (see PBE IPSAS 27 <i>Agriculture</i>); (b) Mineral rights and mineral reserves such as oil, natural gas, and similar non-regenerative resources (see the relevant international or national accounting standard dealing with mineral rights, 	There is no PBE Standard equivalent to NZ IFRS 6. Therefore, PBE IPSAS 17 does not specifically refer to NZ IFRS 6.

	NZ IAS 16	PBE IPSAS 17	Notes on Differences
	<p>exploration and evaluation assets (see NZ IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>); or</p> <p>(d) Mineral rights and mineral reserves such as oil, natural gas and similar non-regenerative resources. Paragraph 3</p>	<p>mineral reserves, and similar non-regenerative resources); or</p> <p>(c) Property, plant and equipment classified as held for sale in accordance with PBE IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>. Paragraph 6</p>	
	–	<p>Heritage assets</p> <p>PBE IPSAS 17 describes the characteristics of heritage assets. Paragraphs 10 and 11</p>	–
Definitions	–	<p>Impairment loss of a non-cash-generating asset</p> <p>An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount. Paragraph 13</p>	Also refer to the comparison of NZ IAS 36.
	–	<p>Recoverable service amount</p> <p>Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Paragraph 13</p>	Also refer to the comparison of NZ IAS 36.
	<p>Fair value</p> <p>Fair value is 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. (See NZ IFRS 13 <i>Fair Value Measurement</i>.) Paragraph 6</p>	<p>Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. PBE IPSAS 9, paragraph 11</p>	The definition of fair value in NZ IAS 16 more explicitly refers to an exit price.

	NZ IAS 16	PBE IPSAS 17	Notes on Differences
Recognition	–	<p>Specialist military equipment</p> <p>Specialist military equipment will normally meet the definition of property, plant and equipment, and should be recognised as an asset in accordance with this Standard.</p> <p>Paragraph 20</p>	–
	–	<p>Infrastructure assets</p> <p>PBE IPSAS 17 lists common characteristics of infrastructure assets and gives examples of infrastructure assets. It states that infrastructure assets meet the definition of property, plant and equipment and should be accounted for in accordance with the Standard.</p> <p>Paragraph 21</p>	–
Measurement	<p>Measurement at recognition</p> <p>NZ IAS 16 requires an item of property, plant and equipment that qualifies for recognition as an asset to be measured at its cost.</p> <p>Paragraph 15</p>	<p>PBE IPSAS 17 requires an item of property, plant and equipment that qualifies for recognition as an asset to be measured at its cost.</p> <p>Paragraph 26</p> <p>Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.</p> <p>Paragraph 27</p> <p>Additional commentary is included in paragraphs 28 and 29 on items of property, plant and equipment acquired through non-exchange transactions.</p>	–
	–	<p>Measurement after recognition</p> <p>PBE IPSAS 17 specifically acknowledges that</p>	PBE IPSAS 17 contains guidance on three

	NZ IAS 16	PBE IPSAS 17	Notes on Differences
		<p>some entities will hold assets where the absence of market transactions may make it difficult to establish market value.</p> <p>It contains guidance on the estimation of fair value in such cases. For example, it states that in the case of specialised plant and equipment, an entity may need to estimate fair value using, depreciated replacement cost, including where relevant, reproduction cost, or the restoration cost or service units approaches.</p> <p>Paragraphs 45 to 48</p>	<p>approaches to estimating fair value.</p> <p>Previously guidance was found in paragraphs 32 and 33 of NZ IAS 16 <i>Property, Plant and Equipment</i> These paragraphs were deleted when NZ IFRS 13 <i>Fair Value Measurement</i> (2011) was issued. Entities applying NZ IAS 16 would refer to NZ IFRS 13 for guidance on estimating fair value.</p>
	–	<p>Depreciated replacement cost</p> <p>PBE IPSAS 17 includes integral guidance on the estimation of fair value using the depreciated replacement cost method in the circumstances permitted by paragraph 48 of the Standard.</p> <p>Paragraphs AG1-AG24</p>	<p>NZ IAS 16 does not include application guidance on estimating fair value. Such guidance is found in NZ IFRS 13.</p> <p>NZ IFRS 13 does not refer to depreciated replacement cost but defines the cost approach to determining fair value as “A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).”</p> <p>NZ IFRS 13, Appendix A</p>
	<p>Offsetting revaluation changes</p> <p>Revaluation increases and decreases may not be offset unless they relate to the same asset.</p> <p>Paragraphs 39 and 40</p>	<p>Revaluation increases and decreases are offset on a class of assets basis.</p> <p>Paragraphs 54, 55 and 56</p>	<p>PBE IPSAS 17 requires accounting for revaluations on a class of asset basis. Under NZ IAS 16 revaluation increases and decreases may be offset only if they relate to the same asset.</p>

	NZ IAS 16	PBE IPSAS 17	Notes on Differences
	<p>Impairment</p> <p>To determine whether an item of property, plant and equipment is impaired, an entity applies NZ IAS 36 <i>Impairment of Assets</i>. That Standard explains how an entity reviews the carrying amount of its assets, how it determines the recoverable amount of an asset, and when it recognises, or reverses the recognition of, an impairment loss.</p> <p>Paragraph 63</p>	<p>To determine whether an item of property, plant and equipment is impaired, an entity applies PBE IPSAS 21 <i>Impairment of Non-Cash-Generating Assets</i> or PBE IPSAS 26 <i>Impairment of Cash-Generating Assets</i>, as appropriate. These standards explain how an entity reviews the carrying amount of its assets, how it determines the recoverable service amount or recoverable amount of an asset, and when it recognises, or reverses the recognition of, an impairment loss.</p> <p>Paragraph 79</p>	<p>PBEs need to classify items of property, plant and equipment as non-cash generating assets or cash generating assets before assessing items for impairment.</p> <p>Refer also to the comparison of NZ IAS 36.</p>
	–	<p>Frequency of revaluations</p> <p>PBE IPSAS 17 contains non-integral implementation guidance on the frequency of revaluation of property, plant and equipment.</p> <p>Paragraphs IG1-IG4</p>	–

LEASES

NZ IAS 17 *Leases*. Issued November 2004. Based on IAS 17 (2003).

NZ SIC-15 *Operating Leases—Incentives* (Nov 2004). Incorporated in PBE IPSAS 13.

NZ SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* (Nov 2004). Incorporated in PBE IPSAS 13.

NZ IFRIC 4 *Determining whether an Arrangement contains a Lease* (Apr 2005). Incorporated in PBE IPSAS 13.

PBE IPSAS 13 *Leases*. IPSAS 13 (2006 and including IPSASB November 2010 *Improvements*) is based on IAS 17 (2003) including IASB April 2009 *Improvements*.

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	NZ IAS 17	PBE IPSAS 13	Notes on Differences
Scope	–	<p>Leases and other contracts</p> <p>PBE IPSAS 13 clarifies that a lease may be one element in a broader set of arrangements with private sector entities to construct, own, operate and/or transfer assets (such as service concession arrangements), and if an arrangement contains an identifiable operating lease or finance lease as defined in the standard, the provisions of the standard are applied in accounting for the lease component of the arrangement.</p> <p>Paragraphs 25-27</p>	Excluded from the scope of PBE IPSAS 13 are arrangements covered by PBE IPSAS 32 <i>Service Concession Arrangements: Grantor</i> . There is no equivalent to PBE IPSAS 32 in NZ IFRS.
Definitions	–	<p>Incremental borrowing rate of interest</p> <p>Under PBE IPSAS 13 where an entity has borrowings that are guaranteed by another entity (for example, the government), the determination of the lessee's incremental borrowing rate of interest reflects the existence of any government guarantee and any related</p>	PBE IPSAS 13 contains more detailed guidance on the impact of guarantees on the lessee's incremental borrowing rate of interest.

	NZ IAS 17	PBE IPSAS 13	Notes on Differences
		fees. This would normally lead to the use of a lower incremental borrowing rate of interest. Paragraph 11	
Recognition	–	PBE IPSAS 13 provides commentary on how PBEs may enter into finance leases as a lessor under a variety of circumstances. Paragraphs 45-47	PBE IPSAS 13 includes additional commentary to clarify the applicability of the standard to finance leases entered into by PBEs.
Measurement	–	<p>The following Interpretations have been incorporated into PBE IPSAS 13 as integral guidance:</p> <p>(a) NZ SIC-15 <i>Operating Leases—Incentives</i>: establishes requirements for the recognition of operating lease incentives in the financial statements of both lessees and lessors – Appendix A.</p> <p>(b) NZ SIC-27 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>: establishes requirements for the recognition and disclosure of a series of transactions that involve the legal form of a lease, where the overall economic effect cannot be understood without reference to the series of transactions as a whole – Appendix B.</p> <p>(c) NZ IFRIC 4 <i>Determining whether an Arrangement contains a Lease</i>: provides guidance for determining whether an arrangement is, or contains, a lease that should be accounted for in accordance with PBE IPSAS 13 – Appendix C.</p>	In NZ IFRSs guidance on these topics is located in interpretations.

	NZ IAS 17	PBE IPSAS 13	Notes on Differences
	–	PBE IPSAS 13 includes non-integral implementation guidance that illustrates the classification of a lease, the treatment of a finance lease by a lessee, the treatment of a finance lease by a lessor, and the calculation of the interest rate implicit in a finance lease. Paragraphs IG1-IG16	–
Terminology	NZ IAS 17 uses the following terms: (a) Variations in return; (b) Dealer lessors; (c) Market rate; and (d) Market rate of interest.	PBE IPSAS 13 uses the following terms: (a) Changes in value; (b) Trader lessors; (c) Commercial rate; and (d) Entity's normal lending rate.	–

REVENUE

NZ IAS 18 *Revenue*. Issued November 2004. Based on IAS 18 (revised 1993)

NZ SIC-31 *Revenue—Barter Transactions Involving Advertising Services* (Nov 2004). Not incorporated in PBE IPSAS 9

NZ IFRIC 13 *Customer Loyalty Programmes* (Sep 2007). Not incorporated in PBE IPSAS 9.

NZ IFRIC 15 *Agreements for the Construction of Real Estate* (Aug 2008). Not incorporated in PBE IPSAS 9 or PBE IPSAS 11.

NZ IFRIC 18 *Transfers of Assets from Customers* (Feb 2009). Not incorporated in PBE IPSAS 9.

PBE IPSAS 9 *Revenue from Exchange Transactions*. IPSAS 9 (2001 and including IPSASB November 2010 *Improvements*) is based on IAS 18 (revised 1993).

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	NZ IAS 18	PBE IPSAS 9	Notes on Differences
Scope	–	<p>Exchange and non-exchange transactions</p> <p>PBE Standards distinguish between revenue arising from exchange and non-exchange transactions. PBE IPSAS 9 deals with revenue from exchange transactions.</p> <p>Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.</p> <p>Paragraph 11</p> <p>Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly</p>	<p>Also refer to the comparison of NZ IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i> and PBE IPSAS 23.</p>

	NZ IAS 18	PBE IPSAS 9	Notes on Differences
		receiving approximately equal value in exchange. Paragraph 11	
Definitions	<p>Income, revenue and gains</p> <p>The definition of income encompasses both revenue and gains. Revenue arises in the course of the ordinary activities of an entity and is referred to by a variety of different names including sales, fees, interest, dividends, royalties and rent. NZ <i>Framework</i>, paragraph 4.29</p> <p>Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Paragraph 7</p> <p>Income is increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants. NZ <i>Framework</i>, 4.25</p>	<p>Revenue and gains</p> <p>The term “revenue,” as defined in PBE Standards, encompasses both revenues and gains. PBE IPSAS 9, Objective</p> <p>Revenue is the gross inflow of economic benefits <i>or service potential</i> during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners. PBE IPSAS 1, paragraph 7</p> <p>PBE IPSAS 9 explicitly states that financing inflows do not meet the definition of revenue. Paragraph 13</p>	<p>The definition of revenue under PBE IPSAS 9 is broader than under NZ IAS 18.</p>

	NZ IAS 18	PBE IPSAS 9	Notes on Differences
	<p>Fair value</p> <p>Fair value is 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. (See NZ IFRS 13 <i>Fair Value Measurement</i>.) Paragraph 7</p>	<p>Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.</p> <p>Paragraph 11</p>	<p>The definition of fair value in NZ IFRS 13 more explicitly refers to an exit price.</p>
Recognition		<p>Distributions from pre and post-acquisition net surplus</p> <p>When dividends or similar distributions on equity securities are declared from pre-acquisition net surplus, those dividends or similar distributions are deducted from the cost of the securities. If it is difficult to make such an allocation except on an arbitrary basis; dividends or similar distributions are recognised as revenue unless they clearly represent a recovery of part of the cost of the equity securities.</p> <p>Paragraph 36</p>	<p>Under PBE IPSAS 9, dividends from pre-acquisition net surplus are treated as a reduction in the cost of an investment. Dividends from post-acquisition net surplus are recognised as income.</p> <p>NZ IAS 18 does not differentiate between distributions from pre- and post-acquisition net surplus.</p>

THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

NZ IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Issued November 2004. Based on IAS 21 (2003).

PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*. IPSAS 4 (2008) is based on IAS 21 (revised 2003 and as amended in 2005) and IASB May 2008 *Improvements*.

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	NZ IAS 21	PBE IPSAS 4	Notes on Differences
Definitions	<p>Functional currency</p> <p>The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency:</p> <p>(a) the currency:</p> <p>(i) that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and</p> <p>(ii) of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.</p> <p>(b) the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).</p> <p>Paragraph 9</p>	<p>The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency:</p> <p>(a) The currency:</p> <p>(i) That revenue is raised from, such as taxes, grants, and fines;</p> <p>(ii) That mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and</p> <p>(iii) Of the country whose competitive forces and regulations mainly determine the sale prices of its goods and services.</p> <p>(b) The currency that mainly influences labour, material, and other costs of providing goods and services (this will often be the currency in which such costs are denominated and settled).</p> <p>Paragraph 11(a)(i)</p>	–

	NZ IAS 21	PBE IPSAS 4	Notes on Differences
Recognition	<p>Disposal or partial disposal of a foreign operation</p> <p>In addition to the disposal of an entity's entire interest in a foreign operation, NZ IAS 21 requires the following partial disposals to be accounted for as disposals:</p> <p>(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, regardless of whether the entity retains a non-controlling interest in its former subsidiary after the partial disposal; and</p> <p>(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.</p> <p>Paragraph 48A</p>	–	–
	<p>On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to a foreign operation that have been attributed to the non-controlling interests shall be derecognised, but shall not be reclassified to profit or loss.</p> <p>Paragraph 48B</p>	–	–
	<p>On the partial disposal of a subsidiary that includes a foreign operation, the entity shall re-attribute the proportionate share of the cumulative amount of the exchange differences</p>	–	–

	NZ IAS 21	PBE IPSAS 4	Notes on Differences
	<p>recognised in other comprehensive income to the non-controlling interests in that foreign operation. In any other partial disposal of a foreign operation the entity shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.</p> <p>Paragraph 48C</p>		
	–	<p>An entity may dispose of its interest in a foreign operation through sale, liquidation, repayment of contributed capital, or abandonment of all or part of that entity. The payment of a dividend or similar distribution is part of a disposal only when it constitutes a return of the investment, for example when the dividend or similar distribution is paid out of pre-acquisition surplus. In the case of a partial disposal, only the proportionate share of the related accumulated exchange difference is included in the gain or loss. A writedown of the carrying amount of a foreign operation does not constitute a partial disposal. Accordingly, no part of the deferred foreign exchange gain or loss is recognised in surplus or deficit at the time of a writedown.</p> <p>Paragraph 58</p>	–

BORROWING COSTS

NZ IAS 23 *Borrowing Costs*. Issued July 2007. Based on IAS 23 (revised 2007).

PBE IPSAS 5 *Borrowing Costs*. IPSAS 5 (2000) is based on IAS 23 (revised 1993).

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	NZ IAS 23	PBE IPSAS 5	Notes on Differences
Scope	–	Capital charges Where jurisdictions apply a capital charge to individual entities, judgement will need to be exercised to determine whether the charge meets the definition of borrowing costs, or whether it should be treated as an actual or imputed cost of net assets/equity. Paragraph 4	–
	Exclusions An entity is not required to apply the Standard to borrowing costs directly attributable to the acquisition, construction or production of: <ul style="list-style-type: none"> (a) A qualifying asset measured at fair value, for example a biological asset; or (b) Inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis. Paragraph 4	–	–
Definitions	Borrowing costs Borrowing costs may include: <ul style="list-style-type: none"> (a) interest expense calculated using the <i>effective interest method</i> as described in 	Borrowing costs may include: <ul style="list-style-type: none"> (a) Interest on bank overdrafts and short-term and long-term borrowings; 	<i>Improvements to NZ IFRSs</i> [June 2008] removed (b) and (c) from the definition of borrowing costs in NZ IAS 23.

	NZ IAS 23	PBE IPSAS 5	Notes on Differences
	<p>NZ IAS 39 <i>Financial Instruments: Recognition and Measurement</i>;</p> <p>(b) [deleted by IASB]</p> <p>(c) [deleted by IASB]</p> <p>(d) finance charges in respect of finance leases recognised in accordance with NZ IAS 17 <i>Leases</i>; and</p> <p>(e) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.</p> <p>Paragraph 5</p>	<p>(b) <i>Amortisation of discounts or premiums relating to borrowings</i>;</p> <p>(c) <i>Amortisation of ancillary costs incurred in connection with the arrangement of borrowings</i>;</p> <p>(d) Finance charges in respect of finance leases <i>and service concession arrangements</i>; and</p> <p>(e) Exchange differences arising from foreign currency borrowings, to the extent that they are regarded as an adjustment to interest costs.</p> <p>Paragraph 5</p>	<p>NZ IAS 23 does not exclude finance charges in respect of service concession arrangements.</p>
	<p>Terminology</p> <p>Uses the term “expenditure”.</p> <p>Paragraph 10 and throughout</p>	<p>Uses the term “outlays”.</p> <p>Paragraph 21 and throughout</p>	<p>A different term is used PBE IPSAS 5. This was to avoid confusion for those jurisdictions that refer to modified accrual “expenses” as expenditures.</p>
Recognition	<p>Capitalise borrowing costs</p> <p>An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognise other borrowing costs as an expense in the period in which it incurs them.</p> <p>Paragraph 8</p>	<p>Expense or capitalise borrowing costs</p> <p><u>Benchmark treatment</u></p> <p>Borrowing costs shall be recognised as an expense in the period in which they are incurred.</p> <p>Paragraph 14</p> <p><u>Alternative treatment</u></p> <p>Capitalise borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.</p> <p>Paragraphs 17 and 18</p>	<p>–</p>

	NZ IAS 23	PBE IPSAS 5	Notes on Differences
	–	<p>Borrowing costs eligible for capitalisation in a group</p> <p>PBE IPSAS 5 includes guidance on identifying the direct relationship between particular borrowings and a qualifying asset when funds are borrowed centrally and transferred to other entities within the group.</p> <p>The Standard also includes guidance on the treatment for capitalisation of borrowing costs on transfers of funds at partial cost and for no cost to a controlled entity (ie interest-free capital contributions or capital grants). Paragraphs 22 and 26 to 28</p>	<p>PBE IPSAS 5 explicitly restricts capitalisation of borrowing costs to only borrowings of the entity.</p> <p>PBE IPSAS 5 also provides guidance for the treatment for capitalisation of borrowing costs on transfers of funds at partial cost and for no cost to a controlled entity.</p>
Measurement	<p>Commencement of capitalisation</p> <p>Expenditures on a qualifying asset include only those expenditures that have resulted in payments of cash, transfers of other assets, or the assumption of interest-bearing liabilities. Expenditures on a qualifying asset are reduced by any progress payments received and grants received in connection with the asset (see NZ IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>). Paragraph 18</p>	<p>Outlays on a qualifying asset include only those outlays that have resulted in payments of cash, transfers of other assets, or the assumption of interest-bearing liabilities. Paragraph 32</p>	<p>PBE IPSAS 5 does not refer specifically to non-exchange transactions. However, any non-exchange grants received in connection with a qualifying asset would need to be accounted for in accordance with PBE IPSAS 23 <i>Revenue from Non-Exchange Transactions</i> which does not permit offsetting of the grants, as permitted by NZ IAS 20.</p>

FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

NZ IAS 29 *Financial Reporting in Hyperinflationary Economies*. Issued November 2004. Based on IAS 29 (reformatted 1994).

PBE IPSAS 10 *Financial Reporting in Hyperinflationary Economies*. IPSAS 10 (2001 and including IPSASB January 2010, November 2010 and October 2011 *Improvements*) is based on IAS 29 (reformatted 1994).

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	NZ IAS 29	PBE IPSAS 10	Notes on Differences
Recognition	<p>Current cost financial statements</p> <p>NZ IAS 29 contains guidance on the restatement of current cost financial statements. Paragraphs 29 to 31</p>	–	–
	<p>Taxes</p> <p>Any differences between the carrying amount and the tax base of assets and liabilities, as a result of restatement of financial statements, shall be accounted for in accordance with NZ IAS 12 <i>Income Taxes</i>. Paragraph 32</p>	–	–
	–	<p>Budget information</p> <p>An entity that includes budgetary information in its financial statements shall restate that information in accordance with this Standard. Paragraph 10</p>	–
Illustrative Example	–	<p>PBE IPSAS 10 contains an example illustrating the restatement financial statements using an indirect method. Paragraphs IE1 to IE2</p>	–

FINANCIAL INSTRUMENTS: PRESENTATION

NZ IAS 32 *Financial Instruments: Presentation*. Issued November 2004. Based on IAS 32 (2003).

NZ IFRIC 2 *Members' Shares in Co-operative Entities and Similar Instruments* (Apr 2005). Incorporated in PBE IPSAS 28.

NZ IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (Dec 2009). Not incorporated in PBE IPSAS 28.

PBE IPSAS 28 *Financial Instruments: Presentation*. IPSAS 28 (2010) is based on IAS 32 (2003) including amendments to December 2008.

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	NZ IAS 32	PBE IPSAS 28	Notes on Differences
Scope	<p>Financial guarantee contracts</p> <p>NZ IAS 32 excludes from its scope financial guarantee contracts that the issuer has elected to recognise and measure in accordance with NZ IFRS 4 <i>Insurance Contracts</i>.</p> <p>If an issuer of a financial guarantee contracts has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts, NZ IAS 39 <i>Financial Instruments: Recognition and Measurement</i> permits the issuer to, on a contract by contract basis, elect to apply either NZ IAS 39 or NZ IFRS 4 to such contracts. The election is irrevocable.</p> <p>NZ IAS 32 paragraph 4(d) NZ IAS 39 paragraph 2(e)</p>	<p>PBE IPSAS 28 permits financial guarantee contracts to be accounted for as insurance contracts so long as the issuer elects to do so and uses PBE IFRS 4 <i>Insurance Contracts</i>.</p> <p>PBE IPSAS 28 allows an entity to make an irrevocable election on a contract by contract basis at the time of adoption.</p> <p>Paragraphs 3 and AG5 to 9</p> <p>Paragraph AG8 states that:</p> <p>(a) If an entity previously applied accounting applicable to insurance contracts and adopted an accounting policy that treated financial guarantee contracts as insurance contracts, it may continue to treat such contracts either as insurance contracts or as financial instruments; and</p> <p>(b) If an entity previously did not apply accounting applicable to insurance contracts, it may elect to treat financial</p>	<p>The circumstances in which an entity applying PBE IPSASs and NZ IFRSs may treat financial guarantee contracts as insurance contracts differ.</p>

	NZ IAS 32	PBE IPSAS 28	Notes on Differences
		guarantee contracts either as insurance contracts or as financial instruments on adoption of PBE IPSAS 28.	
Definitions	–	<p>Financial guarantees – contractual or non-contractual?</p> <p>PBE IPSAS 28 includes additional guidance on financial guarantee contracts. The additional guidance:</p> <ul style="list-style-type: none"> (a) Distinguishes between rights to issue guarantees (non-contractual) and the actual issue of guarantees (which may be either contractual or non-contractual); (b) Provides two examples of contractual financial guarantees (including a guarantee in respect of holders of an identified instrument rather than specific counterparties); and (c) Refers entities to the guidance in paragraph AG20 to determine whether a financial guarantee is contractual. <p>Paragraphs AG3-AG4 and AG20</p>	–
	–	<p>Contractual arrangements</p> <p>PBE IPSAS 28 provides additional Application Guidance explaining the factors an entity should consider in assessing whether an arrangement is contractual or non-contractual as follows:</p> <ul style="list-style-type: none"> (a) Paragraphs AG19-AG20 explain the features an entity should consider in assessing whether an arrangement is contractual or non-contractual. These are 	–

	NZ IAS 32	PBE IPSAS 28	Notes on Differences
		<p>willing parties, rights and obligations, and enforceability. The additional guidance focuses on substance over form.</p> <p>(b) Paragraphs AG21-AG22 note that non-exchange revenue transactions may be contractual or non-contractual. If such transactions are contractual, an entity must decide if the assets or liabilities arising from the transaction fall within the scope of PBE IPSAS 28. Entities must also consider the requirements of PBE IPSAS 23 <i>Revenue from Non-Exchange Transactions</i> and PBE IPSAS 28 in determining whether a transaction gives rise to a liability or an equity instrument.</p> <p>(c) Paragraphs AG23-AG24 clarify that a number of other obligations fall outside the scope of PBE IPSAS 28. Part of this guidance is based on NZ IAS 32 paragraph AG12. Paragraphs AG19-AG24</p>	
	–	<p>Unissued currency</p> <p>PBE IPSAS 28 provides clarification that unissued currency is not a financial instrument and that PBE IPSAS 12 <i>Inventories</i> applies to unissued currency. Paragraph AG10</p>	–
	–	<p>Equity instruments</p> <p>Includes additional Application Guidance that:</p> <p>(a) explains the use of equity instruments in</p>	–

	NZ IAS 32	PBE IPSAS 28	Notes on Differences
		<p>the public sector;</p> <p>(b) acknowledges the different forms of capital that exist in the public sector;</p> <p>(c) clarifies that “equity instruments” refers to all instruments that evidence a residual interest in the net assets of an entity, including some liabilities.</p> <p>Paragraphs 25-27</p>	
	<p>Extinguishing financial liabilities with equity instruments</p> <p>NZ IFRIC 19 addresses the following issues:</p> <p>(a) Whether an entity’s equity instruments issued to extinguish all or part of a financial liability are “consideration paid” in accordance with paragraph 41 of NZ IAS 39.</p> <p>(b) How an entity should initially measure the equity instruments issued to extinguish such a financial liability.</p> <p>(c) How an entity should account for any difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued.</p>	<p>–</p>	<p>–</p>

IMPAIRMENT OF ASSETS

NZ IAS 36 *Impairment of Assets*. Issued November 2004. Based on IAS 36 (2004).

PBE IPSAS 21 *Impairment of Non-Cash-Generating Assets*. IPSAS 21 (2004 and including IPSASB November 2010 and October 2011 *Improvements*) is based on IAS 36 (2004).

PBE IPSAS 26 *Impairment of Cash-Generating Assets*. IPSAS 26 (2008 and including IPSASB January and November 2010 *Improvements*) is based on IAS 36 (2004) including IASB 2008 *Improvements*.

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Non-Cash-Generating Assets

	NZ IAS 36	PBE IPSAS 21	Notes on Differences
Scope	Under NZ IAS 36, assets that do not independently generate cash flows are grouped together in the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (a cash-generating unit). Paragraphs 6 and 66	Cash and non-cash generating assets PBE IPSAS 21 excludes cash-generating assets. Cash-generating assets are tested for impairment under PBE IPSAS 26 (see below). Paragraph 5	There is no NZ IFRS dealing specifically with impairment of non-cash-generating assets. PBE Standards require that assets be classified as cash-generating or non-cash-generating. NZ IAS 36 assumes that all assets are either cash-generating or can be assigned to a cash-generating unit.
	–	Exclusions PBE IPSAS 21 excludes from its scope non-cash-generating property, plant and equipment, and intangible assets measured at revalued amounts. Paragraph 2(e)(f)	PBE IPSAS 21 does not require the application of an impairment test to non-cash generating property, plant and equipment and intangible assets that are measured at revalued amounts. This is because revalued property, plant and equipment and intangible assets are required to be revalued with sufficient regularity to ensure (a) that they are carried at an amount that is not materially different from their fair value at the

	NZ IAS 36	PBE IPSAS 21	Notes on Differences
			reporting date and (b) any impairment will be taken into account in the valuation.
Definitions	<p>Cash-generating unit</p> <p>A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.</p> <p>Paragraph 6</p>	<p>Cash-generating assets</p> <p>Cash-generating assets are assets held with the primary objective of generating a commercial return.</p> <p>Paragraph 14</p> <p>PBE IPSAS 21 provides guidance on the classification of assets as cash generating or non-cash generating.</p> <p>Paragraphs 16-21</p>	<p>These definitions and the associated guidance in PBE IPSAS 21 reflect the fact that PBE Standards require that assets be classified as cash-generating or non-cash-generating. NZ IAS 36 assumes that all assets are either cash-generating or can be assigned to a cash-generating unit.</p>
	<p>Fair value</p> <p>Fair value is 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. (See NZ IFRS 13 <i>Fair Value Measurement</i>.)</p> <p>Paragraph 6</p>	<p>Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.</p> <p>Paragraph 14</p>	<p>The definition of fair value in NZ IFRS 13 more explicitly refers to an exit price.</p>
	<p>Impairment loss</p> <p>An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.</p> <p>Paragraph 6</p>	<p>An impairment is a loss in the future economic benefits <i>or service potential</i> of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.</p> <p>Paragraph 14</p>	<p>The definition in PBE IPSAS 21 encompasses changes in service potential.</p>
	<p>Value in use</p> <p>Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.</p>	<p>Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential (using a number of</p>	<p>The NZ IAS 36 measure of value in use focuses on cash flows whereas the three approaches permitted under PBE IPSAS 21 allow for service</p>

	NZ IAS 36	PBE IPSAS 21	Notes on Differences
	Paragraph 6	approaches). Paragraph 14	potential to be considered.
Recognition	<p>Indicators of impairment</p> <p>External indicators of impairment include (amongst others):</p> <p>(a) A decline in an asset's market value;</p> <p>(b) An increase in market interest rates; or</p> <p>(c) The carrying amount of an entity's net assets exceeding its market capitalisation. Paragraphs 12(a), (c), (d)</p> <p>Internal indicators of impairment include (amongst others) evidence from internal reporting indicating that the economic performance of an asset is, or will be, worse than expected. Paragraph 12(g)</p> <p>Other indicators of impairment include (amongst others):</p> <p>(a) significant adverse changes in cash flows required for acquiring, operating or maintaining an asset compared with those originally budgeted; or</p> <p>(b) significant adverse changes in net cash flows or profit or loss from an asset compared with those originally budgeted. Paragraph 14(a)-(d)</p>	<p>External indicators of impairment include (amongst others) the cessation, or near cessation, of the demand or need for services provided by the asset. Paragraph 27(a)</p> <p>Internal indicators of impairment include (amongst others):</p> <p>(a) A decision to halt the construction of the asset before it is complete or in a usable condition; or</p> <p>(b) Evidence from internal reporting indicating that the <i>service performance</i> of an asset is, or will be, significantly worse than expected. Paragraphs 27(e), (f)</p> <p>Other indicators of impairment include (amongst others):</p> <p>(a) A decline in an asset's market value;</p> <p>(b) A significant long-term decline in the demand for or need for services provided by the asset;</p> <p>(c) Significantly higher operating or maintenance costs for an asset compared with those originally budgeted; or</p> <p>(d) Significantly lower service or output levels provided by an asset compared to those</p>	–

	NZ IAS 36	PBE IPSAS 21	Notes on Differences
		originally budgeted. Paragraph 29(a), (b) and 32(a), (b)	
	NZ IAS 36 includes indicators of impairment of an investment in a subsidiary, joint venture or associate. Paragraph 12(h)	–	–
	–	PBE IPSAS 21 provides guidance on assessing the impact of: (a) Changes in the demand or need for services provided by an asset; (b) Delays in construction of an asset; and (c) Internal evidence of changes in operating or maintenance costs and service or outputs levels. Paragraphs 28, 31 and 32	–
	Recognising an impairment loss An impairment loss shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another Standard (for example, in accordance with the revaluation model in NZ IAS 16). Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that other Standard. Paragraph 60	An impairment loss shall be recognised immediately in surplus or deficit. Paragraph 54	PBE IPSAS 21 does not provide guidance on the recognition of impairment losses on revalued assets because such assets are excluded from the scope of the Standard.
	–	Reversing an impairment loss A commitment to discontinue or restructure an operation in the near future is an indication of a reversal of an impairment loss of an asset	–

	NZ IAS 36	PBE IPSAS 21	Notes on Differences
		<p>belonging to the operation, where such a commitment constitutes a significant long-term change, with a favourable effect on the entity, in the extent or manner of use of that asset.</p> <p>Paragraph 63</p>	
	<p>Re-allocation of assets to cash-generating units</p> <p>Assets that do not independently generate cash flows are grouped together in the smallest identifiable group of assets that generates cash inflows and that are largely independent of the cash inflows from other assets or groups of assets.</p> <p>Paragraphs 6 and 66</p> <p>Cash-generating units are required to be identified consistently from period to period for the same asset or types of assets, unless a change is justified.</p> <p>Paragraph 72</p>	<p>Redesignation of assets as cash or non-cash-generating</p> <p>The redesignation of assets from cash-generating assets to non-cash-generating assets or vice versa shall only occur when there is clear evidence that such a redesignation is appropriate. A redesignation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the listed indications applicable to the asset after redesignation.</p> <p>Paragraph 71</p>	<p>PBE Standards require that assets be classified as cash-generating or non-cash-generating. However, NZ IAS 36 assumes that all assets are either cash-generating or can be assigned to a cash-generating unit. Therefore, NZ IAS 36 does not contain guidance on redesignation as cash or non-cash generating. NZ IAS 36 does, however, contain guidance on reallocating assets to different cash generating units.</p>
	<p>Corporate assets</p> <p>NZ IAS 36 requires corporate assets that do not independently generate cash flows to be allocated to a cash-generating unit for impairment testing.</p> <p>Paragraphs 100-102</p>	<p>–</p>	<p>Non-cash generating assets</p> <p>PBE IPSAS 26 requires that, where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset shall be allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit. The carrying amount of the non-cash-generating asset shall reflect any impairment losses at the reporting date that have been determined</p>

	NZ IAS 36	PBE IPSAS 21	Notes on Differences
			under the requirements of PBE IPSAS 21. Paragraph 93 of PBE IPAS 26
Measurement	<p>Value in use</p> <p>Value in use of an asset or a cash generating unit is defined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Paragraph 6</p> <p>NZ IAS 36 specifies certain elements that must be reflected in calculations of value in use. Paragraphs 30-57</p>	<p>Value in use is defined as the present value of the remaining service potential. Paragraph 14</p> <p>PBE IPSAS 21 requires that value in use be determined using one of the following three approaches identified:</p> <ul style="list-style-type: none"> (a) The depreciated replacement cost approach; (b) The restoration cost approach; or (c) The service units approach. Paragraphs 44-50 	–

Cash-Generating Assets

	NZ IAS 36	PBE IPSAS 26	Notes on Differences
Scope	<p>Under NZ IAS 36, assets that do not independently generate cash flows are grouped together in the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (a cash-generating unit).</p> <p>Paragraphs 6 and 66</p>	<p>Cash and non-cash generating assets</p> <p>PBE IPSAS 26 excludes from its scope non-cash-generating assets. Impairment of such assets is addressed in PBE IPSAS 21 (Refer above).</p> <p>Paragraph 5</p>	<p>PBE IPSAS 26 excludes from its scope non-cash-generating assets. Impairment of such assets is addressed in PBE IPSAS 21. NZ IAS 36 assumes that all assets are either cash-generating individually or as part of a cash-generating unit.</p>
	–	<p>Exclusions</p> <p>Excludes cash-generating property, plant and equipment, and intangible assets that are measured at revalued amounts.</p> <p>Paragraph 2(e) and (h)</p>	<p>PBE IPSAS 26 does not require the application of an impairment test to property, plant and equipment and intangible assets that are measured at revalued amounts. This is because revalued property, plant and equipment and intangible assets are required to be revalued with sufficient regularity to ensure (a) that they are carried at an amount that is not materially different from their fair value at the reporting date and (b) any impairment will be taken into account in the valuation.</p>
Definitions	<p>Cash-generating unit</p> <p>A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.</p> <p>Paragraph 6</p>	<p>A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of</p>	–

	NZ IAS 36	PBE IPSAS 26	Notes on Differences
		assets. Paragraph 13	
	<p>Corporate assets</p> <p>Corporate assets are assets other than goodwill that contribute to the future cash flows of both the cash-generating unit under review and other cash-generating units.</p> <p>Paragraph 6</p>	–	–
	<p>Fair value</p> <p>Fair value is 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. (See NZ IFRS 13 <i>Fair Value Measurement</i>.)</p> <p>Paragraph 6</p>	Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.	The definition of fair value in NZ IFRS 13 more explicitly refers to an exit price.
	<p>Value in use</p> <p>Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.</p> <p>Paragraph 6</p>	Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. <p>Paragraph 13</p>	–
Recognition	–	<p>Indicators of impairment</p> <p>Internal sources of information that indicate impairment include (amongst others) the decision to halt the construction of the asset before it is complete or in a usable condition.</p> <p>Paragraph 25 (eA)</p>	–

	NZ IAS 36	PBE IPSAS 26	Notes on Differences
	<p>External indicators of impairment include (amongst others) the carrying amount of the net assets of the entity exceeding its market capitalisation.</p> <p>Paragraph 12(d)</p>	<p>–</p>	<p>–</p>
	<p>Assets that cannot be tested for impairment individually</p> <p>Assets should be tested for impairment individually. However, if it is not possible to estimate the recoverable amount of an individual asset, NZ IAS 36 requires that asset to be allocated to, and tested for impairment as part of, a cash-generating-unit.</p> <p>Paragraph 66</p>	<p>Non-cash generating assets</p> <p>Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset shall be allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit. The carrying amount of the non-cash-generating asset shall reflect any impairment losses at the reporting date that have been determined under the requirements of PBE IPSAS 21.</p> <p>Paragraph 93</p>	<p>–</p>
	<p>Corporate assets</p> <p>NZ IAS 36 requires corporate assets that do not independently generate cash flows to be allocated to a cash-generating unit for impairment testing.</p> <p>Paragraphs 100-102</p>	<p>–</p>	<p>Although PBE IPSAS 26 does not specifically refer to corporate assets it does allow for such assets to be allocated to cash-generating units.</p>
	<p>Recognising an impairment loss</p> <p>An impairment loss shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another Standard (for example, in accordance with the revaluation model in NZ IAS 16). Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that other Standard.</p> <p>Paragraph 60</p>	<p>An impairment loss shall be recognised immediately in surplus or deficit.</p> <p>Paragraph 73</p>	<p>PBE IPSAS 26 provides no guidance for impairment losses on revalued assets because such assets are excluded from the scope of the Standard.</p>

	NZ IAS 36	PBE IPSAS 26	Notes on Differences
	<p>Re-allocation of assets to cash-generating units</p> <p>Assets that do not independently generate cash flows are grouped together in the smallest identifiable group of assets that generates cash inflows and that are largely independent of the cash inflows from other assets or groups of assets.</p> <p>Paragraphs 6 and 66</p> <p>Cash-generating units are required to be identified consistently from period to period for the same asset or types of assets, unless a change is justified.</p> <p>Paragraph 72</p>	<p>Redesignation of assets as cash or non-cash-generating</p> <p>The redesignation of an asset from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a redesignation is appropriate. A redesignation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. At the subsequent reporting date after a redesignation, an entity shall consider, as a minimum, the listed indications in paragraph 25.</p> <p>Paragraph 112</p>	<p>PBE Standards require that assets be classified as cash-generating or non-cash-generating. However, NZ IAS 36 assumes that all assets are either cash-generating or can be assigned to a cash-generating unit. Therefore, NZ IAS 36 does not contain guidance on redesignation as cash or non-cash generating. NZ IAS 36 does, however, contain guidance on reallocating assets to different cash generating units.</p>
Measurement	<p>Discount rates</p> <p>The discount rate (rates) shall be a pre-tax rate (rates) that reflect(s) current market assessments of:</p> <p>(a) the time value of money; and</p> <p>(b) the risks specific to the asset for which the future cash flow estimates have not been adjusted.</p> <p>Paragraph 55</p>	<p>The discount rate (rates) shall be a pre-tax rate (rates) that reflect(s) current market assessments of:</p> <p>(a) The time value of money, <i>represented by the current risk-free rate of interest</i>; and</p> <p>(b) The risks specific to the asset for which the future cash flow estimates have not been adjusted.</p> <p>Paragraph 68</p>	–

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Issued November 2004. Based on IAS 37 (1998).

NZ IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* (Nov 2004). Incorporated in PBE IPSAS 19.

NZ IFRIC 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* (Nov 2004). Incorporated in PBE IPSAS 19.

NZ IFRIC 6 *Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment* (Oct 2005). Incorporated in PBE IPSAS 19.

PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*. IPSAS 19 (2002 and including IPSASB October 2011 *Improvements*) is based on IAS 37 (1998).

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

	NZ IAS 37	PBE IPSAS 19	Notes on Differences
Scope	–	<p>Exclusion</p> <p>The Crown shall not apply PBE IPSAS 19 in accounting for obligations expressed in legislation that have characteristics similar to an executory contract.</p> <p>Paragraph 2.2</p> <p>PBE IPSAS 19 describes such obligations. They include future benefit payments.</p> <p>Paragraphs 11.1 – 11.3.</p>	<p>PBE IPSAS 19 excludes from its scope obligations of the Crown expressed in legislation that have characteristics similar to an executory contract. This scope exclusion applies only to the Crown. The Government reporting entity is designated as a public benefit entity.</p>
Definitions	–	<p>Social benefits</p> <p>PBE IPSAS 19 clarifies that payables can include payments in respect of social benefits where formal agreements for specified amounts exist.</p> <p>Paragraph 19(a)</p>	–
Recognition	<p>Contingent assets</p> <p>Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to</p>	<p>Contingent assets usually arise from unplanned or other unexpected events that (a) <i>are not wholly within the control of the entity</i>, and</p>	<p>Although NZ IAS 37 paragraph 32 does not refer to events that are “not wholly within the control of the entity”, this is a criterion in the definition</p>

	NZ IAS 37	PBE IPSAS 19	Notes on Differences
	the entity. An example is a claim that an entity is pursuing through legal processes, where the outcome is uncertain. Paragraph 32	(b) give rise to the possibility of an inflow of economic benefits or service potential to the entity. An example is a claim that an entity is pursuing through legal processes, where the outcome is uncertain. Paragraph 40	of contingent assets in both standards.
Measurement	–	Present value PBE IPSAS 19 clarifies that when a provision is discounted over a number of years, the present value of the provision will increase each year as the provision comes closer to the expected time of settlement (see Illustrative Example). Additional to paragraph 54	–
	–	In some jurisdictions, income taxes or income tax equivalents are levied on a public sector entity's surplus for the period. Where such income taxes are levied on PBEs, the discount rate selected should be a pre-tax rate. Paragraph 57	–
Application of recognition and measurement rules	Onerous contracts NZ IAS 37 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Paragraph 68	PBE IPSAS 19 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits <i>or service potential</i> expected to be received under it, which includes amounts recoverable. Therefore, it is the present obligation net of recoveries that is recognised as a provision under paragraph 76. The unavoidable costs under a contract reflect the least net cost of exiting from the contract,	–

	NZ IAS 37	PBE IPSAS 19	Notes on Differences
		<p>which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.</p> <p>Paragraph 79</p>	
	–	<p>Restructuring</p> <p>PBE IPSAS 19 includes examples of what would constitute evidence that an entity has started to implement a restructuring plan in the public sector for example, the sale or transfer of assets, the establishment of alternative arrangements for clients of services, etc.</p> <p>Paragraph 85</p>	–
	–	<p>PBE IPSAS 19 includes commentary on public sector restructuring. This may involve the transfer of operations from one controlled entity to another, and the transfer of operations at no or nominal consideration.</p> <p>Paragraph 92</p>	–

INTANGIBLE ASSETS

NZ IAS 38 *Intangible Assets*. Issued November 2004. Based on IAS 38 (2004).

NZ SIC-32 *Intangible Assets—Web Site Costs* (Nov 2004). Incorporated in PBE IPSAS 31.

PBE IPSAS 31 *Intangible Assets*. IPSAS 31 (2010 and including IPSASB October 2011 *Improvements*) is based on IAS 38 (2004) as amended to 31 Dec 2008.

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

	NZ IAS 38	PBE IPSAS 31	Notes on Differences
Scope	–	Exclusions Excluded from the scope of PBE IPSAS 31 are powers and rights conferred by legislation, a constitution, or by equivalent means. Paragraph 3(g)	–
	Certain intangible assets, which are addressed by other standards, are excluded from the scope of NZ IAS 38. Paragraph 3	Certain intangible assets, which are addressed by other standards, are excluded from the scope of PBE IPSAS 31. Specifically excluded is the recognition and initial measurement of service concession assets within the scope of PBE IPSAS 32 <i>Service Concession Assets: Grantor</i> . Paragraph 6(e)	There is no equivalent to PBE IPSAS 32 in the suite of standards applicable to for-profit entities.
	–	Heritage assets PBE IPSAS 31 specifically discusses intangible heritage assets. PBE IPSAS 31 explains that some intangible heritage assets have future economic benefits or service potential other than their heritage value and in these cases an intangible heritage asset may be recognised and measured on the same basis as other items of	–

	NZ IAS 38	PBE IPSAS 31	Notes on Differences
		cash-generating intangible assets. Paragraphs 12-14	
Definitions	<p>Cost</p> <p>Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other New Zealand equivalents to IFRSs, e.g. NZ IFRS 2 <i>Share-based Payment</i>. Paragraph 8</p>	<p>Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction. PBE IPSAS 16 paragraph 7</p>	Some NZ IFRSs contain specific requirements regarding the determination of cost.
	<p>Fair value</p> <p>Fair value is 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 (see NZ IFRS 13 <i>Fair Value Measurement</i>).</p>	<p>Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. PBE IPSAS 9 paragraph 11</p>	The definition of fair value in NZ IAS 38 more explicitly refers to an exit price.
	<p>Intangible assets</p> <p>An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it either:</p> <p>(a) Is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the</p>	<p>An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it either:</p> <p>(a) Is separable, i.e., is capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity</p>	–

	NZ IAS 38	PBE IPSAS 31	Notes on Differences
	<p>entity intends to do so; or</p> <p>(b) Arises from <i>contractual</i> or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations. Paragraphs 8 and 12</p>	<p>intends to do so; or</p> <p>(b) Arises from <i>binding arrangements</i> (including rights from contracts or other legal rights), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations. Paragraph 19</p> <p>For the purposes of this Standard, a binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract. Paragraphs 20</p>	
	<p>Goodwill</p> <p>NZ IAS 38 explains that goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Paragraphs 10 and 11</p>	–	Accounting for goodwill is addressed in PBE NZ IFRS 3 <i>Business Combinations</i> . No comparison has been provided of PBE IFRS 3 and NZ IFRS 3 because there are no significant differences.
Recognition	<p>An intangible asset shall be recognised if, and only if:</p> <p>(a) It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and</p> <p>(b) The cost of the asset can be measured reliably.</p>	<p>An intangible asset shall be recognised if, and only if:</p> <p>(a) It is probable that the expected future economic benefits <i>or service potential</i> that are attributable to the asset will flow to the entity; and</p> <p>(b) The cost <i>or fair value</i> of the asset can be measured reliably.</p>	<p>PBEs need to consider both economic benefits and service potential to determine whether to recognise assets.</p> <p>PBE IPSAS 31 requires an intangible asset to be recognised if the cost or fair value can be measured reliably. NZ IAS 38 limits recognition to assets where cost can be measured reliably.</p>

	NZ IAS 38	PBE IPSAS 31	Notes on Differences
	Paragraph 21	Paragraph 28	
Measurement	<p>Initial measurement</p> <p>An intangible asset shall be measured initially at cost.</p> <p>Paragraph 24</p>	<p>An intangible asset shall be measured initially at cost in accordance with paragraph 32-43.</p> <p>Where an intangible asset is acquired through a <i>non-exchange transaction</i>, its initial cost at the date of acquisition, shall be measured at its <i>fair value</i> as at that date.</p> <p>Paragraphs 31</p>	–
	<p>Acquisition by way of government grant</p> <p>When an intangible asset is acquired by way of a government grant, in accordance with NZ IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>, an entity chooses to recognise the asset at either: (i) fair value; or (ii) at a nominal amount (plus any expenditure directly attributable to preparing the asset for its intended use).</p> <p>Paragraph 44</p>	<p>Acquisition through non-exchange transaction</p> <p>Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, shall be measured at its fair value as at that date.</p> <p>Paragraphs 31</p>	–
	<p>Acquisition as part of a business combination</p> <p>An entity would determine the fair value of an intangible asset acquired in a business combination in accordance with the guidance in NZ IFRS 13 <i>Fair Value Measurement</i>.</p>	<p>PBE IPSAS 31 includes guidance on determining the fair value of an intangible asset acquired in a business combination.</p> <p>Paragraphs 39.6 – 39.8</p>	Both suites of standards include a hierarchy of fair value guidance but the detail may differ. Also, the definition of fair value in NZ IFRS 13 more explicitly refers to an exit price.
	<p>Exchanges of assets</p> <p>One or more intangible assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-</p>	<p>One or more intangible assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-</p>	–

	NZ IAS 38	PBE IPSAS 31	Notes on Differences
	<p>monetary assets.</p> <p>The cost of such an intangible asset is measured at fair value unless:</p> <p>(a) The exchange transaction lacks commercial substance; or</p> <p>(b) The fair value of neither the asset received nor the asset given up is reliably measurable.</p> <p>Paragraphs 45 and 46</p>	<p>monetary assets.</p> <p>The cost of such an intangible asset is measured at fair value unless the fair value of neither the asset received nor the asset given up is reliably measurable.</p> <p>Paragraph 44</p>	
	<p>Intangible assets with indefinite useful lives</p> <p>An entity is required to test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment in accordance with NZ IAS 36 <i>Impairment of Assets</i>.</p> <p>Paragraph 108</p>	<p>An entity is required to test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment in accordance with PBE IPSAS 21 <i>Impairment of Non-Cash-Generating Assets</i> or PBE IPSAS 26 <i>Impairment of Cash-Generating Assets</i>.</p> <p>Paragraph 107</p>	<p>Refer to the comparison of NZ IAS 36 with PBE IPSAS 21 and PBE IPSAS 26.</p>
	<p>Review of useful life assessment</p> <p>Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.</p> <p>Paragraph 110</p>	<p>Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired, <i>only if the intangible asset is measured under the cost model</i>.</p> <p>Paragraph 109</p>	<p>–</p>

FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

NZ IAS 39 *Financial Instruments: Recognition and Measurement*. Issued November 2004. Based on IAS 39 (revised 2000).

NZ IFRIC 9 *Reassessment of Embedded Derivatives* (May 2006). Incorporated in PBE IPSAS 29.

NZ IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (Aug 2008). Incorporated in PBE IPSAS 29.

PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. IPSAS 29 (2010) is based on IAS 39 (revised 2000) including amendments to December 2008 and *Improvements* April 2009.

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

	NZ IAS 39	PBE IPSAS 29	Notes on Differences
Scope	<p>Financial guarantee contracts</p> <p>Excluded from the scope of NZ IAS 39 are financial guarantee contracts that the issuer has elected to recognise and measure in accordance with NZ IFRS 4 <i>Insurance Contracts</i>.</p> <p>If an issuer of financial guarantee contracts has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts, NZ IAS 39 permits the issuer to, on a contract by contract basis, elect to apply either NZ IAS 39 or NZ IFRS 4 to such contracts. The election is irrevocable.</p> <p>Paragraph 2(e)</p>	<p>PBE IPSAS 29 permits financial guarantee contracts to be accounted for as insurance contracts provided the issuer elects to do so and applies PBE IFRS 4.</p> <p>Paragraph 2(e)</p>	<p>The circumstances in which an entity applying NZ IAS 39 and PBE IPSAS 29 may account for financial guarantee contracts as insurance contracts differ. Under NZ IAS 39 the entity must have previously asserted that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts. Under PBE IPSAS 29 an entity may elect to treat financial guarantee contracts as insurance contracts at the time of adoption.</p>
	–	<p>Insurance contracts</p> <p>PBE IPSAS 29 may be applied to insurance contracts which involve the transfer of financial risk.</p> <p>Paragraph 2(e)</p>	–

	NZ IAS 39	PBE IPSAS 29	Notes on Differences
	–	Non-exchange revenue transactions Excludes from the scope of PBE IPSAS 29 rights and obligations that fall within the scope of PBE IPSAS 23. Paragraph 2(j)	–
Recognition	NZ IAS 39 contains guidance on initial recognition of loans that carry no interest and loans that bear an off-market interest rate. Paragraphs AG64 and AG65	Concessionary loans PBE IPSAS 29 contains guidance on the recognition of concessionary loans. Paragraphs AG84 to AG91 and IE40-IE41	–
	–	Financial guarantee contracts PBE IPSAS 29 contains guidance on the recognition and measurement of financial guarantee contracts entered into at no or nominal value. Paragraphs AG92-AG97	–
Measurement	–	Non-exchange revenue transactions PBE IPSAS 29 requires that financial assets arising from non-exchange revenue transactions are measured at fair value in accordance with the principles in PBE IPSAS 23 and taking account of transaction costs where appropriate. Paragraph AG81	–
	–	Concessionary loans PBE IPSAS 29 contains guidance on the measurement of concessionary loans. Paragraphs AG84 to AG91 and IE40-IE41.	–

	NZ IAS 39	PBE IPSAS 29	Notes on Differences
	-	Financial guarantee contracts PBE IPSAS 29 contains guidance on the recognition and measurement of financial guarantee contracts entered into at no or nominal value. Paragraphs AG92-AG97	-

INVESTMENT PROPERTY

NZ IAS 40 *Investment Property*. Issued November 2004. Based on IAS 40 (revised 2003).

PBE IPSAS 16 *Investment Property*. IPSAS 16 (2006 and including IPSASB January 2010 *Improvements*) is based on IAS 40 (revised 2003) and IASB 2008 *Improvements*.

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

	NZ IAS 40	PBE IPSAS 16	Notes on Differences
Scope	–	Inclusions Includes additional discussion on circumstances in which PBEs may hold property to earn rental and for capital appreciation. Paragraph 9	–
	–	PBE IPSAS 16 provides additional guidance regarding property used by one entity but owned by another as follows: In some jurisdictions, certain administrative arrangements exist such that an entity may control an asset that may be legally owned by another entity. For example, a government department may control and account for certain buildings that are legally owned by the State. In such circumstances, references to owner-occupied property means property occupied by the entity that recognises the property in its financial statements. Paragraph 11	–
	–	PBE IPSAS 16 clarifies that the reference to properties held for operating lease being investment properties is limited to leases “on a	–

	NZ IAS 40	PBE IPSAS 16	Notes on Differences
		commercial basis to external parties". Paragraph 12(c)	
	–	Exclusions Excluded from the scope of PBE IPSAS 16 are the following: (a) Property held to deliver a social service that also generates cash inflows; and (b) Property held for strategic purposes which would be accounted for in accordance with PBE IPSAS 17. Paragraphs 13 (a), (f) and (g)	–
Definitions	Cost Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other New Zealand equivalents to IFRSs, e.g. NZ IFRS 2 <i>Share-based Payment</i> . Paragraph 5	Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction. Paragraph 7	–
	Fair value Fair value is 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. (See NZ IFRS 13 <i>Fair Value Measurement</i> .) Paragraph 5	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. PBE IPSAS 9, paragraph 11	The definition of fair value in NZ IAS 40 (and NZ IFRS 13) more explicitly refers to an exit price.

	NZ IAS 40	PBE IPSAS 16	Notes on Differences
Recognition	<p>Investment property shall be recognised as an asset when, and only when:</p> <p>(a) it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and</p> <p>(b) the cost of the investment property can be measured reliably.</p> <p>Paragraph 16</p>	<p>Investment property shall be recognised as an asset when, and only when:</p> <p>(a) It is probable that the future economic benefits <i>or service potential</i> that are associated with the investment property will flow to the entity; and</p> <p>(b) The cost <i>or fair value</i> of the investment property can be measured reliably.</p> <p>Paragraph 20</p> <p>PBE IPSAS 16 includes additional guidance for determining whether an item satisfies the criteria above.</p> <p>Paragraphs 21 and 22</p>	–
Measurement		<p>Initial measurement</p> <p>Where an investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.</p> <p>Paragraph 27</p> <p>Where an entity initially recognises its investment property at fair value, the fair value is the cost of the property. The entity shall decide, subsequent to initial recognition, to adopt either the fair value model or the cost model.</p> <p>Paragraph 33</p>	–

	NZ IAS 40	PBE IPSAS 16	Notes on Differences
	<p>Independent valuation</p> <p>An entity is encouraged, but not required to measure the fair value of investment property on the basis of a valuation by an independent valuer.</p> <p>Paragraph 32</p>	–	–
	<p>Subsequent measurement</p> <p>Subsequent to initial recognition, NZ IAS 40 allows an entity to:</p> <p>(a) Choose either the fair value model or the cost model for all investment property backing liabilities that pay a return linked directly to the fair value of, or returns from, specified assets including that investment property; and</p> <p>(b) Choose either the fair value model or the cost model for all other investment property, regardless of the choice made in (a).</p> <p>Paragraphs 32A to 32C</p>	<p>Subsequent to initial recognition, PBE IPSAS 16 allows an entity to choose as its accounting policy either the fair value model or the cost model, and requires that that policy be applied consistently to all of its investment properties.</p> <p>Paragraphs 39</p> <p>When a property interest held by a lessee under an operating lease is classified as an investment property PBE IPSAS 16 requires an entity to use the fair value model.</p> <p>Paragraph 43</p>	–

AGRICULTURE

NZ IAS 41 *Agriculture*. Issued November 2004. Based on IAS 41 (2000).

PBE IPSAS 27 *Agriculture*. IPSAS 27 (2009) is based on IAS 41 (2001) as amended to 31 Dec 2008.

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

	NZ IAS 41	PBE IPSAS 27	Notes on Differences
Scope	<p>Government grants</p> <p>NZ IAS 41 provides specific guidance on the receipt of a government grant related to a biological asset.</p> <p>Paragraph 1</p>	–	There is no equivalent guidance in PBE IPSAS 27, because the treatment of such grants is covered by PBE IPSAS 23.
	–	<p>Exclusions</p> <p>PBE IPSAS 27 excludes from its scope biological assets held for provision or supply of services (for example, horses and dogs used for policing purposes and plants and trees in parks and gardens operated for recreational purposes).</p> <p>Paragraph 3(c)</p>	–
Definitions	<p>Agricultural activity</p> <p>Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce, or into additional biological assets.</p> <p>Paragraph 5</p>	<p>Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for:</p> <p>(a) Sale;</p> <p>(b) <i>Distribution at no charge or for a nominal charge; or</i></p> <p>(c) Conversion into agricultural produce or into additional biological assets <i>for sale or for distribution at no charge or for a</i></p>	–

	NZ IAS 41	PBE IPSAS 27	Notes on Differences
		<i>nominal charge.</i> Paragraph 9	
	<p>Costs to sell</p> <p>Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes. Paragraph 5</p>	<p>Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes. Disposal may occur through sale or through distribution at no charge or for a nominal charge. Paragraph 9</p>	–
	<p>Fair value</p> <p>Fair value is 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. (See NZ IFRS 13 <i>Fair Value Measurement</i>.)</p>	<p>Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. PBE IPSAS 9, paragraph 11</p> <p>The fair value of an asset is based on its present location and condition. Paragraph 14</p>	The definition of fair value in NZ IAS 41 (and NZ IFRS 13) more explicitly refers to an exit price.
Measurement	–	<p>Fair value</p> <p>PBE IPSAS 27 provides guidance on determining fair value when an active market exists and when an active market does not exist. Paragraphs 21 to 29</p>	Under NZ IAS 41 fair value is determined in accordance with NZ IFRS 13.

	NZ IAS 41	PBE IPSAS 27	Notes on Differences
	<p>Government grants</p> <p>An unconditional government grant related to a biological asset measured at its fair value less cost to sell shall be recognised in profit or loss when the government grant becomes receivable.</p> <p>Paragraph 34</p> <p>If a government grant related to a biological asset measured at its fair value less costs to sell is conditional, including when a government grant requires an entity not to engage in specified agricultural activity, an entity shall recognise the government grant in profit or loss when, and only when, the conditions attaching to the government grant are met.</p> <p>Paragraph 35</p>	<p>Non-exchange transactions</p> <p>Where an entity acquires a biological asset through a non-exchange transaction, the biological asset is measured on initial recognition and at each reporting date at fair value less cost to sell.</p> <p>Paragraphs 16 and 17</p>	<p>–</p>

Part D: Specific Differences – Standards that are not Directly Comparable

This section discusses key differences between standards which are on the same topic but which are not directly comparable. Because the standards discussed are not directly comparable, the comparisons below are high-level comparisons only. Therefore, the comparisons do not identify detailed differences between the standards compared and are not a substitute for reading the standards themselves.

CONSOLIDATED FINANCIAL STATEMENTS

NZ IFRS 10 *Consolidated Financial Statements* (effective 1 Jan 2013). Issued June 2011. NZ IFRS 10 is based on IFRS 10 (2011).

PBE IPSAS 6 *Consolidated and Separate Financial Statements*. PBE IPSAS 6 is based on IPSAS 6. It includes additional integral guidance on assessing control and application of “consistent accounting policies for like transactions and other events in similar circumstances”. IPSAS 6 (2006) is based on IAS 27 (2003).

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

	NZ IFRS 10	PBE IPSAS 6	Notes on Differences
Scope	NZ IFRS 10 applies to all parent entities except for: (a) Intermediate controlled entities that meet certain conditions; (b) Post employee benefit plans; and (c) Investment entities if it is required, in accordance with paragraph 31, to measure all of its investments in subsidiaries at fair value through profit or loss. Paragraphs 4 and 31	PBE IPSAS 6 applies to: (a) Entities presenting consolidated financial statements for an economic entity; (b) Entities which elect or are required by local regulations to present separate financial statements. Paragraphs 1 and 3 However, intermediate controlled entities that meet certain conditions are exempt from presenting consolidated financial statements. Paragraph 16	
	Separate financial statements Under NZ IFRS, the requirements for accounting for investments in subsidiaries, joint ventures and associates when an entity is required to present separate financial statements (e.g. parent-only financial statements), are	PBE IPSAS 6 specifies the accounting for controlled entities, jointly controlled entities and associates in separate [parent-only] financial statements.	Refer to the comparison of NZ IAS 27 and PBE IPSAS 6 further below.

	NZ IFRS 10	PBE IPSAS 6	Notes on Differences
	contained in NZ IAS 27 <i>Separate Financial Statements</i> .		
Definitions	<p>Control</p> <p>An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.</p> <p>Paragraph 6</p> <p>That is, the investor must have:</p> <ul style="list-style-type: none"> (a) Power over the investee (see paragraphs 10–14); (b) Exposure, or rights, to variable returns from its involvement with the investee (see paragraphs 15 and 16); and (c) The ability to use its power over the investee to affect the amount of the investor’s returns (see paragraphs 17 and 18). <p>Paragraph 7</p> <p>If there is a change to any of the three elements of control an entity must reassess whether control exists.</p> <p>Paragraph 8</p>	<p>Control is the power to govern the financial and operating policies of another entity so as to benefit from its activities.</p> <p>Paragraph 7</p> <p>For the purposes of establishing control, a controlling entity needs to benefit from the activities of the other entity. (paragraph 29)</p> <p>Paragraphs AG27–AG29 provide guidance to help determine whether or not control exists for financial reporting purposes.</p>	<p>In PBE IPSAS 6 control is based on the power to govern financial and operating policies to obtain benefits. In NZ IFRS 10 control is based on power, exposure to variable returns and ability to use the power to affect the investors’ return.</p>
	<p>Control of an investee</p> <p>An investor controls an investee when the investor is exposed, or has rights, to variable <i>returns</i> from its involvement with the investee and has the ability to affect those <i>returns</i> through its power over the investee.</p>	<p>Control is the power to govern the financial and operating policies of another entity so as to <i>benefit</i> from its activities.</p> <p>Paragraph 7</p>	–

	NZ IFRS 10	PBE IPSAS 6	Notes on Differences
	Appendix A		
	<p>Power</p> <p>Power is defined as existing rights that give the current ability to direct the relevant activities.</p> <p>Appendix A</p>	<p>PBE IPSAS 6 distinguishes between “control for financial reporting purposes” and “regulatory and purchase power”.</p> <p>Paragraphs 30 to 37</p> <p>PBE IPSAS 6 contains application guidance on assessing control.</p>	<p>In PBE IPSAS 6 control is based on the power to govern financial and operating policies to obtain benefits. In NZ IFRS 10 control is based on power, exposure to variable returns and ability to use the power to affect the investors’ return.</p>
	<p>Relevant activities</p> <p>Power is defined as existing rights that give the current ability to direct the relevant activities.</p> <p>Relevant activities are activities of the investee that significantly affect the investee’s returns.</p> <p>Appendix A</p>	–	–
Recognition	<p>Consolidation procedures and non-controlling interests</p> <p>Uniform accounting policies must be used for like transactions and other events in similar circumstances.</p> <p>Paragraph B87</p> <p>Consolidated financial statements:</p> <p>(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries;</p> <p>(b) Offset (eliminate) the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary (NZ IFRS 3 explains how to</p>	<p>Consolidation procedures and minority interests</p> <p>Uniform accounting policies must be used for like transactions and other events in similar circumstances.</p> <p>Paragraph 49</p> <p>In preparing consolidated financial statements, an entity combines the financial statements of the controlling entity and its controlled entities line by line, by adding together like items of assets, liabilities, net assets/equity, revenue, and expenses. In order that the consolidated financial statements present financial information about the economic entity as that of a single entity, the following steps are then</p>	–

	NZ IFRS 10	PBE IPSAS 6	Notes on Differences
	<p>account for any related goodwill);</p> <p>(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Paragraph B86</p> <p>A parent must present non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.</p> <p>Changes in non-controlling interests that do not result in the loss of control of the subsidiary are equity transactions. Paragraphs 22-24 and B94-96</p>	<p>taken:</p> <p>(a) The carrying amount of the controlling entity's investment in each controlled entity and the controlling entity's portion of net assets/equity of each controlled entity are eliminated;</p> <p>(b) Minority interests in the surplus or deficit and comprehensive revenue and expense are identified; and</p> <p>(c) Minority interests in the net assets/equity are identified separately. Paragraph 44</p> <p>Balances, transactions, revenues, and expenses between entities within the economic entity shall be eliminated in full. Paragraph 45</p>	
	<p>Investment entities</p> <p>An investment entity does not consolidate its subsidiaries. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss. Paragraph 31</p>	–	–
	<p>Reporting date</p> <p>The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements shall have the same reporting date. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial</p>	<p>The difference between the reporting dates of the controlled entity and that of the controlling entity <i>shall be no more than three months except in the rare circumstances where:</i></p> <p>(a) Statute fixes the reporting date of a controlled entity greater than three</p>	–

	NZ IFRS 10	PBE IPSAS 6	Notes on Differences
	<p>information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so. Paragraph B92</p> <p>If it is impracticable to do so, the parent shall consolidate the financial information of the subsidiary using the most recent financial statements of the subsidiary adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements. In any case, the difference between the date of the subsidiary's financial statements and that of the consolidated financial statements <i>shall be no more than three months</i>, and the length of the reporting periods and any difference between the dates of the financial statements shall be the same from period to period. Paragraph B93</p>	<p>months from the reporting date of the controlling entity's own financial statements included in the consolidated financial statements; and</p> <p>(b) No reliable interim financial information for the controlled entity covering a period not more than three months different to that of the controlling entity is able to be obtained. Paragraph 48.1</p>	
	<p>Loss of control</p> <p>If a parent loses control of a subsidiary, it shall:</p> <p>(a) Derecognise:</p> <p>(i) The assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and</p> <p>(ii) The carrying amount of any non-controlling interests in the former</p>	<p>The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal, including the cumulative amount of any exchange differences that relate to the controlled entity recognised in other comprehensive revenue and expense in accordance with PBE IPSAS 4 is recognised in the consolidated statement of comprehensive revenue and expense as the gain or loss on the</p>	<p>NZ IFRS 10 contains more guidance on accounting for loss of control and for distribution of shares when there is loss of control. PBE IPSAS 6 is silent on this.</p>

	NZ IFRS 10	PBE IPSAS 6	Notes on Differences
	<p>subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them).</p> <p>(b) Recognise:</p> <p>(i) The fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control;</p> <p>(ii) If the transaction, event or circumstances that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution; and</p> <p>(iii) Any investment retained in the former subsidiary at its fair value at the date when control is lost. Paragraph B98</p>	<p>disposal of the controlled entity. Paragraph 51</p> <p>The remaining investment at the date that an entity ceases to be a controlled entity shall be measured at fair value. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PBE IPSAS 29 or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity. Paragraph 52.1</p>	
Measurement	<p>Acquisition or loss of control partway through the reporting period</p> <p>An entity includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the entity ceases to control the subsidiary. Income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.</p>	<p>The revenue and expenses of a controlled entity are included in the consolidated financial statements from the acquisition date (PBE IFRS 3 provides guidance on the meaning of the acquisition date). The revenue and expenses of a controlled entity are included in the consolidated financial statements until the date on which the controlling entity ceases to control the controlled entity.</p>	<p>NZ IFRS 10 contains guidance on the calculation of income and expenses of the subsidiary. PBE IPSAS 6 is silent on this.</p>

	NZ IFRS 10	PBE IPSAS 6	Notes on Differences
	Paragraph B88	Paragraph 51	
	<p>Investment entities</p> <p>An investment entity measures its investment in a subsidiary at fair value through profit or loss in accordance with NZ IAS 39 <i>Financial Instruments: Recognition and Measurement</i>). Paragraph 31</p>	–	–

JOINT ARRANGEMENTS

NZ IFRS 11 *Joint Arrangements* (effective 1 Jan 2013). Issued June 2011. Based on IFRS 11 (2011).

PBE IPSAS 8 *Interests in Joint Ventures*. IPSAS 8 (2006 and including IPSASB January 2010 *Improvements*) is based on IAS 31 (revised 2000) including May 2008 amendments.

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	NZ IFRS 11	PBE IPSAS 8	Notes on Differences
Scope	NZ IFRS 11 applies to all entities that are a party to a joint arrangement. Paragraph 3	PBE IPSAS 8 applies to all entities that have an interest in joint ventures. Paragraph 1	Although the term “joint venture” is used in both standards, it is not comparable. The broad term in NZ IFRS 11 is “joint arrangement”. The definition of a joint arrangement in NZ IFRS 11 is generally consistent with the definition of “joint venture” in PBE IPSAS 8.
Definitions	<p>Joint arrangement</p> <p>A <i>joint arrangement</i> is an arrangement of which two or more parties have joint control. Paragraph 4</p> <p>An arrangement does not qualify as a joint arrangement if one party is able to unilaterally control the arrangement. Paragraph 10</p>	<p>Joint venture</p> <p><i>Joint venture</i> is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Paragraph 6</p>	Although the term “joint venture” is used in both standards, it is not comparable. The broad term in NZ IFRS 11 is “joint arrangement”. The definition of a joint arrangement in NZ IFRS 11 is generally consistent with the definition of a joint venture under PBE IPSAS 8.
	<p>Joint control</p> <p>Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Paragraph 7</p>	<p>Joint control is the agreed sharing of control over an activity by a binding arrangement. Paragraph 6</p>	–

	NZ IFRS 11	PBE IPSAS 8	Notes on Differences
	<p>Types of joint arrangement</p> <p><i>A joint operation</i> is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. Paragraph 15</p> <p><i>A joint venture</i> is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. Paragraph 16</p>	<p>Types of joint ventures</p> <p><i>Jointly controlled operation</i></p> <p>The operation of some joint ventures involves the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership, or other entity, or a financial structure that is separate from the venturers themselves. Each venturer uses its own property, plant and equipment and carries its own inventories. It also incurs its own expenses and liabilities and raises its own finances, which represent its own obligations. Paragraph 17</p> <p><i>Jointly controlled assets</i></p> <p>Some joint ventures involve the joint control of, and often the joint ownership by, the venturers of one or more assets contributed to, or acquired for the purpose of, the joint venture and dedicated to the purposes of the joint venture. The assets are used to obtain benefits for the venturers. Each venturer may take a share of the output from the assets, and each bears an agreed share of the expenses incurred.</p> <p>These joint ventures do not involve the establishment of a corporation, partnership, or other entity, or a financial structure that is separate from the venturers themselves. Each venturer has control over its share of future economic benefits or service potential through its share of the jointly controlled asset.</p>	<p>Under NZ IFRS 11 there are two types of joint arrangement; joint operations and joint ventures. Under PBE ISAS 8 there are jointly controlled assets, jointly controlled operations and jointly controlled entities.</p> <p>Arrangements that previously fit within PBE IPSAS 8's 'joint assets' are likely to qualify as 'joint operations', but each arrangement will need to be assessed to confirm this presumption. 'Jointly controlled entities' under PBE IPSAS 8 may be joint operations or joint ventures under NZ IFRS 11, depending on the rights and obligations of the parties to the joint arrangement.</p> <p>In NZ IFRS 11 the term joint venture is limited to arrangements whereby the parties have rights to the net assets of the arrangement.</p>

	NZ IFRS 11	PBE IPSAS 8	Notes on Differences
		<p>Paragraphs 22 and 23</p> <p><i>Jointly controlled entity</i></p> <p>A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other entities, except that a binding arrangement between the venturers establishes joint control over the activity of the entity.</p> <p>A jointly controlled entity controls the assets of the joint venture, incurs liabilities and expenses and earns revenue. It may enter into contracts in its own name and raise finance for the purposes of the joint venture activity. Each venturer is entitled to a share of the surpluses of the jointly controlled entity, although some jointly controlled entities also involve a sharing of the output of the joint venture.</p> <p>Paragraphs 29 and 30</p>	
Recognition and measurement	<p><i>Joint operations</i></p> <p>A party with joint control over a joint operation is required to recognise and measure the assets and liabilities and recognise the related revenues and expenses arising from its interest in the arrangement in accordance with the relevant standard.</p> <p>Paragraph 20</p> <p><i>Joint venture</i></p> <p>A party with joint control over a joint venture is</p>	<p><i>Jointly controlled operations</i></p> <p>A venturer is required to recognise in its own financial statements:</p> <p>(a) The assets that it controls and the liabilities that it incurs; and</p> <p>(b) The expenses that it incurs and its share of the revenue that it earns from the sale or provision of goods or services by the joint venture.</p> <p>Paragraph 19</p>	<p>NZ IFRS 11 does not permit the use of proportionate consolidation to account for an investment in a joint venture.</p>

	NZ IFRS 11	PBE IPSAS 8	Notes on Differences
	<p>required to recognise an investment in that joint venture and account for it using the equity method in accordance with NZ IAS 28. Paragraph 24</p>	<p><i>Jointly controlled assets</i></p> <p>A venturer is required to recognise in its own financial statements:</p> <ul style="list-style-type: none"> (a) Its share of the jointly controlled assets, classified according to the nature of the assets; (b) Any liabilities that it has incurred; (c) Its share of any liabilities incurred jointly with the other venturers in relation to the joint venture; (d) Any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and (e) Any expenses that it has incurred in respect of its interest in the joint venture. <p>Paragraph 25</p> <p><i>Jointly controlled entities</i></p> <p>A venturer is required to recognise its interest in a jointly controlled entity using proportionate consolidation or the equity method. Paragraphs 35 and 43</p>	
	<p>–</p>	<p>Exemptions</p> <p>A venturer with an interest in a jointly controlled entity is exempted from paragraphs 35 (proportionate consolidation) and 43 (equity method) when it meets the following conditions:</p> <ul style="list-style-type: none"> (a) The interest is classified as held for sale in 	<p>The exemptions from using the equity method to account for joint ventures under NZ IFRS 11 are contained in NZ IAS 28 (paragraphs 17-19). A venturer need not apply the equity method to its interest in an associate or a joint venture if:</p> <ul style="list-style-type: none"> (a) The interest is classified as held for sale in

	NZ IFRS 11	PBE IPSAS 8	Notes on Differences
		<p>accordance with PBE IFRS 5;</p> <p>(b) The entity is an intermediate controlled entity that is exempt from preparing consolidated financial statements under PBE IPSAS 6 paragraph 16; or</p> <p>(c) The venturer is an intermediate controlled entity that meets certain conditions. Paragraph 3</p>	<p>accordance with NZ IFRS 5;</p> <p>(b) The entity is an intermediate controlled entity that is exempt from preparing consolidated financial statements under NZ IFRS 10 paragraph 4(a); or</p> <p>(c) All of the conditions in paragraph 17 of NZ IAS 28 apply.</p> <p>Also refer to the comparison of NZ IAS 28 and PBE IPSAS 7 below.</p>
Other	<p>Separate financial statements</p> <p>Under NZ IFRS, the requirements for accounting for investments in subsidiaries, joint ventures and associates when an entity is required to present separate financial statements (e.g. parent-only financial statements), are contained in NZ IAS 27 <i>Separate Financial Statements</i>.</p>	<p>PBE IPSAS 6 specifies accounting for controlled entities, jointly controlled entities and associates in separate [parent-only] financial statements.</p>	<p>Refer to the comparison of NZ IAS 27 and PBE IPSAS 6 further below.</p>

EMPLOYEE BENEFITS

NZ IAS 19 *Employee Benefits*. Issued August 2011. Based on IAS 19 (amended 2011).

NZ IFRIC 14 *NZ IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (Sep 2007). Not incorporated in PBE IPSAS 25.

PBE IPSAS 25 *Employee Benefits*. IPSAS 25 (2008 and including IPSASB January and November 2010 *Improvements*) is based on IAS 19 (2004) including IASB May 2008 *Improvements*.

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

	NZ IAS 19	PBE IPSAS 25	Notes on Differences
Scope	–	This Standard does not deal with benefits provided by composite social security programmes that are not consideration in exchange for service rendered by employees or past employees of entities. Paragraph 3	–
Definitions	Employee benefits Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees <i>or for the termination of employment</i> . Paragraph 8	Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. Paragraph 10	Although the definition of employee benefits in PBE IPSAS 25 does not refer to termination of employment, the Standard does specify the accounting treatment for termination benefits.
	Short-term employee benefits Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Paragraph 8	Short-term employee benefits are defined as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service. Paragraph 10	NZ IAS 19 has a narrower definition of short-term employee benefits. Under NZ IAS 19 if a portion of employee benefits is expected to be settled outside the twelve months after the end of the annual reporting period, then the whole of the benefits will be considered other long-term employee benefits.

	NZ IAS 19	PBE IPSAS 25	Notes on Differences
	<p>Fair value</p> <p>Fair value is 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. (See NZ IFRS 13 <i>Fair Value Measurement</i>.)</p> <p>Paragraph 8</p>	<p>When no market price is available, the fair value of plan assets is estimated, for example, by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligation).</p> <p>Paragraph 118</p>	<p>The definition of fair value in NZ IFRS 13 more explicitly refers to an exit price.</p>
	<p>Net interest</p> <p>Net interest on the defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.</p> <p>Paragraph 8</p>	<p>Interest cost</p> <p>Interest cost is the increase during a period in the present value of a defined benefit obligation that arises because the benefits are one period closer to settlement.</p> <p>Paragraph 10</p>	<p>Different terms are used because the recognition and measurement is different.</p> <p>Under NZ IAS 19, net interest expense or income is calculated by applying the discount rate to the net defined benefit liability (asset).</p> <p>Under PBE IPSAS 25 however, two amounts are recognised, the interest cost on the defined benefit obligation and the expected return on plan assets.</p>
	<p>Qualifying insurance policy</p> <p>A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in NZ IAS 24 <i>Related Party Disclosures</i>).</p> <p>Paragraph 8</p>	<p>A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in PBE IPSAS 20 <i>Related Party Disclosures</i>).</p> <p>Paragraph 10</p>	<p>Both standards exclude policies issued by related parties. However, the insurers that are identified as related parties may differ due to differences between NZ IAS 24 and PBE IPSAS 20.</p> <p>Under PBE Standards, a qualifying insurance policy is not necessarily an insurance contract (see PBE IFRS 4 <i>Insurance Contracts</i>).</p>

	NZ IAS 19	PBE IPSAS 25	Notes on Differences
	<p>State plans</p> <p>State plans are not defined in NZ IAS 19. However, state plans are described as Plans established by legislation to cover all entities (or all entities in a particular category, for example, a specific industry) and are operated by national or local government or by another body (for example, an autonomous agency created specifically for this purpose) that is not subject to control or influence by the reporting entity.</p> <p>Paragraph 44</p>	<p>State plans are plans other than composite social security programmes established by legislation that operate as if they are multi-employer plans for all entities in economic categories laid down in legislation.</p> <p>Paragraph 6</p>	–
	<p>Other definitions</p> <p>The following terms are also defined:</p> <ul style="list-style-type: none"> (a) Net defined benefit liability (asset) (b) The deficit or surplus (c) Asset ceiling (d) Net interest of the net defined benefit liability (asset) (e) Remeasurements of net defined benefit liability (asset) (f) Settlement (g) Service cost <p>Paragraph 8</p>	–	–
Recognition	<p>Corridor approach</p> <p>NZ IAS 19 does not permit the corridor approach. NZ IAS 19 requires that the total amount of actuarial gains and losses for the</p>	<p>PBE IPSAS 25 permits the corridor approach which allows an entity to defer recognition of a specified portion of actuarial gains and losses</p>	<p>PBEs applying PBE Standards could elect to use the corridor approach, having regard to the requirements of the relevant transition</p>

	NZ IAS 19	PBE IPSAS 25	Notes on Differences
	period be recognised in the period. Paragraphs 127 to 129	that fall outside a certain range. Paragraph 111	standard (PBE FRS 45 or PBE FRS 46) and PBE IPSAS 3.
	<p>Termination benefits</p> <p>NZ IAS 19 requires recognition of a liability and expense for termination benefits at the earlier of the following dates:</p> <p>(a) When the entity can no longer withdraw the offer of those benefits; and</p> <p>(b) When the entity recognises costs for a restructuring that is within the scope of NZ IAS 37 and involves the payment of termination benefits.</p> <p>Paragraph 165</p>	<p>PBE IPSAS 25 requires recognition of termination benefits as a liability and an expense when, and only when, the entity is demonstrably committed to either:</p> <p>(a) Terminate the employment of an employee or group of employees before the normal retirement date; or</p> <p>(b) Provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.</p> <p>Paragraph 155</p>	The timing of recognition for termination benefits may differ.
	<p>Limit on a defined benefit asset</p> <p>NZ IFRIC 14 provides guidance on assessing the limit in a defined benefit plan. Specifically, how much of the surplus employee benefit can be recognised as an asset. The guidance explains how a pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement.</p> <p>Additional liabilities do not need to be recognised by the employer under NZ IFRIC 14, unless the contributions payable under the minimum funding requirement cannot be returned to the entity.</p> <p>Paragraph 64</p>	–	NZ IFRIC 14 has not been incorporated in PBE IPSAS 25.

	NZ IAS 19	PBE IPSAS 25	Notes on Differences
Measurement	<p>Discount rate</p> <p>The rate used to discount post-employment benefit obligations is to be determined by reference to market yields on high quality corporate bonds, unless there is no deep market in such bonds, in which case government bonds shall be used.</p> <p>Paragraph 83</p>	<p>The rate used to discount post-employment benefit obligations shall reflect the time value of money. Judgement is required as to whether the time value of money is best approximated by reference to market yields at the reporting date on government bonds, high quality corporate bonds or by another financial instrument.</p> <p>Paragraph 91</p>	<p>PBE IPSAS 25 requires an entity to use a discount rate that reflects the time value of money and apply judgement when determining what rate to use whereas NZ IAS 19 requires an entity to refer to market yields on high quality corporate bonds unless there is no deep market in such bonds, in which case the market yields on government bonds are used.</p>
	<p>Termination benefits</p> <p>An entity shall measure termination benefits on initial recognition, and shall measure and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity shall apply the requirements for post-employment benefits. Otherwise:</p> <p>(a) if the termination benefits are expected to be settled wholly before twelve months after the end of the annual reporting period in which the termination benefit is recognised, the entity shall apply the requirements for short-term employee benefits.</p> <p>(b) if the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the entity shall apply the</p>	<p>Where termination benefits fall due more than 12 months after the reporting date, they shall be discounted using the discount rate specified in paragraph 91.</p> <p>Paragraph 161</p> <p>In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.</p> <p>Paragraph 162</p>	<p>–</p>

	NZ IAS 19	PBE IPSAS 25	Notes on Differences
	<p>requirements for other long-term employee benefits. Paragraph 169</p> <p>Because termination benefits are not provided in exchange for service, paragraphs 70–74 relating to the attribution of the benefit to periods of service are not relevant. Paragraph 169</p>		
	<p>Simplified method</p> <p>A simplified method of accounting for other long-term employee benefits (including long-term disability benefits) is required. Paragraph 154</p>	<p>There is a rebuttable presumption that long-term disability payments are not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. If the presumption holds, a simplified form of accounting is permitted. Paragraph 149</p>	<p>Under PBE IPSAS 25 the method of accounting for long term disability benefits could differ if the rebuttable presumption is rebutted.</p>

SEPARATE FINANCIAL STATEMENTS

NZ IAS 27 *Separate Financial Statements* (revised June 2011, effective 1 Jan 2013). Based on IAS 27 (revised 2011).

PBE IPSAS 6 *Consolidated and Separate Financial Statements*. IPSAS 6 (2006) is based on IAS 27 (revised 2003).

See also NZ IFRS 10 *Consolidated Financial Statements* (effective from 1 January 2013).

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	NZ IAS 27	PBE IPSAS 6	Notes on Differences
Scope	NZ IAS 27 applies only to entities which elect or are required by local regulations to prepare separate financial statements. Paragraph 2	PBE IPSAS 6 applies to entities which are required to prepare consolidated financial statements <u>and</u> which elect or are required by local regulations to prepare separate financial statements. Paragraphs 1 and 3	NZ IFRS 10 specifies the requirements for consolidated financial statements. Refer also to the comparison between NZ IFRS 10 and PBE IPSAS 6.
Definitions	Separate financial statements Separate financial statements are those presented by a parent (i.e. an investor with control of a subsidiary) or an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost or in accordance with NZ IFRS 9 <i>Financial Instruments</i> . Paragraph 4	Separate financial statements are those presented by a controlling entity, an investor in an associate, or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of the direct net assets/equity interest rather than on the basis of the reported results and net assets of the investees. Paragraph 7	No difference in substance.
Measurement	Investments in subsidiaries, joint ventures and associates An entity shall account for investments in subsidiaries, joint ventures and associates either: (a) At cost, or	When separate financial statements are prepared, investments in controlled entities, jointly controlled entities, and associates shall be accounted for:	The equity method is not permitted under NZ IAS 27. The IASB issued an exposure draft in December 2013 proposing to reinstate the equity method as an option in NZ IAS 27.

	NZ IAS 27	PBE IPSAS 6	Notes on Differences
	<p>(b) In accordance with NZ IAS 39 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>The entity shall apply the same accounting for each category of investments.</p> <p>Paragraph 10</p> <p>If an entity applying NZ IAS 28 <i>Investments in Associates and Joint Ventures</i> accounts for investments in associates or joint ventures at fair value through profit or loss, it shall also account for those investments in the same way in its separate financial statements.</p> <p>Paragraph 11</p>	<p>(a) Using the equity method as described in PBE IPSAS 7 <i>Investments in Associates</i>;</p> <p>(b) At cost; or</p> <p>(c) As a financial instrument in accordance with PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>The same accounting shall be applied for each category of investments.</p> <p>Paragraph 58</p>	
	<p>Investment entities</p> <p>An investment entity accounting for controlled investments at fair value through profit or loss shall account for such investments the same way in its separate financial statements.</p> <p>Paragraph 11A</p>	<p>–</p>	<p>–</p>

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

NZ IAS 28 *Investments in Associates and Joint Ventures* (revised June 2011, effective 1 Jan 2013). Based on IAS 28 (revised 2011).

PBE IPSAS 7 *Investments in Associates*. IPSAS 7 (2006 and including IPSASB January 2010 and November 2010 *Improvements*) is based on IAS 28 (2003) including May 2008 amendments.

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	NZ IAS 28	PBE IPSAS 7	Notes on Differences
Scope	Applies to all entities that are investors with joint control of, or significant influence over, an investee. Paragraph 2	An entity that prepares and presents financial statements shall apply this Standard in accounting by an investor for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other formal equity structure. Paragraph 1	PBE IPSAS 7 is limited to ownership interests in the form of a shareholding or other formal equity structure.
Definitions	Associate An associate is an entity over which the investor has significant influence. Paragraph 3	An associate is an entity, <i>including an unincorporated entity such as a partnership</i> , over which the investor has significant influence, and that is neither a controlled entity nor an interest in a joint venture. Paragraph 7	–
Recognition and measurement	Held for Sale An investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale is accounted for in accordance with NZ IFRS 5 <i>Non-Current Assets Held for Sale and</i>	An investment classified as held for sale is accounted for in accordance with PBE IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> . Paragraphs 19 and 20	PBE IPSAS 7 does not contain guidance on the accounting for the portion of an investment that is not classified as held for sale.

	NZ IAS 28	PBE IPSAS 7	Notes on Differences
	<p><i>Discontinued Operations.</i></p> <p>Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.</p> <p>Paragraph 20</p>		

Part E: Standards that have no equivalent

ACCOUNTING FOR GOVERNMENT GRANTS AND DISCLOSURE OF GOVERNMENT ASSISTANCE

NZ IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. Issued November 2004. Based on IAS 20 (reformatted 1994).

NZ SIC-10 *Government Assistance—No Specific Relation to Operating Activities* (Nov 2004)

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	NZ IAS 20	PBE Standards	Notes
Scope	NZ IAS 20 applies to accounting and disclosure of government grants and disclosure of government assistance. Paragraph 1	–	NZ IAS 20 deals only with government grants. These could be exchange or non-exchange transactions. Refer to the comparison of NZ IAS 18 <i>Revenue</i> and PBE IPSAS 9 <i>Revenue from Exchange Transactions</i> in Part B above and to the summary of PBE IPSAS 23 <i>Revenue from Non-Exchange Transactions</i> below for guidance on accounting for government grants depending on whether the grants are exchange or non-exchange transactions. PBEs previously applying NZ IFRS PBE were exempt from the recognition, measurement and presentation requirements of NZ IAS 20.
Definitions	Government assistance Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. Government assistance for the purpose of this Standard does not include benefits provided only indirectly	–	–

	NZ IAS 20	PBE Standards	Notes
	through action affecting general trading conditions, such as the provision of infrastructure in development areas or the imposition of trading constraints on competitors. Paragraph 3		
	Government grants Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity. Paragraph 3	–	–
	Grants related to assets Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held. Paragraph 3	–	–

	NZ IAS 20	PBE Standards	Notes
	<p>Grants related to income</p> <p>Grants related to income are government grants other than those related to assets. Paragraph 3</p>	–	–
	<p>Non-monetary grants</p> <p>A government grant may take the form of a transfer of a non-monetary asset, such as land or other resources, for the use of the entity. Paragraphs 4 and 5</p>	–	–
Recognition	<p>Recognition in the statement of financial position</p> <p>Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:</p> <p>(a) The entity will comply with the conditions attaching to them; and</p> <p>(b) The grants will be received. Paragraph 7</p>	–	–
	<p>Recognition in the statement of financial performance</p> <p>A forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. Paragraph 10</p>	–	<p>Under PBE IPSAS 23 entities are required to recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners. Paragraph 85</p>

	NZ IAS 20	PBE Standards	Notes
	<p>Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. They shall not be credited directly to shareholders' interests. Paragraph 12</p> <p>A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable. Paragraph 20</p>	–	Under PBE IPSAS 23, revenue is not recognised unless the entity has satisfied all the present obligations related to the inflow.
Measurement	<p>Monetary and non-monetary grants</p> <p>Monetary grants: Measurement is not specifically addressed. Non-monetary grants: Fair value or nominal amount. Paragraph 23</p>	<p>An asset acquired through a non-exchange transaction is required to be measured initially at its fair value as at the date of acquisition. PBE IPSAS 23 Paragraph 42</p>	PBE IPSAS 23 does not permit recognition of non-monetary grants at nominal amounts.
	<p>Concessionary loans</p> <p>Concessionary loans: NZ IAS 20 requires the government grant component (the benefit component) of the loan to be accounted for as a government grant. The other portion is accounted for in accordance with NZ IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. The benefit of the below-market rate of interest is required to be measured as the difference between the initial carrying value</p>	–	PBE IPSAS 23 requires the loan to be split into exchange and non-exchange components. The portion that is repayable, along with any interests payments, is an exchange transaction accounted for in accordance with PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i> . The difference between the transaction price (loan proceeds) and the fair value of the loan on initial recognition is a non-

	NZ IAS 20	PBE Standards	Notes
	of the loan determined in accordance with NZ IAS 39 and the proceeds received. Paragraph 10A		exchange transaction accounted for in accordance with PBE IPSAS 23; recognised as revenue, except if a present obligation exists. Fair value must be determined having regard to the requirements of PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i> . Paragraphs 10 and 105B Paragraphs AG88 and IPSASB BC6 of PBE IPSAS 29. Initial measurement of concessionary loans may differ due to differences in how fair value is determined and the treatment of transaction costs.
Repayments	A government grant that becomes repayable shall be accounted for as a change in accounting estimate. Repayment of a grant related to income is required to be applied first against any unamortised deferred credit recognised in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment is required to be recognised immediately in profit or loss. Repayments of a grant related to an asset are required to be recognised by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is required to be recognised immediately	–	–

	NZ IAS 20	PBE Standards	Notes
	in profit or loss. Paragraph 32		
Offsetting	<p>Grants related to income may be presented:</p> <p>(a) Separately as other income; or</p> <p>(b) Deducted from the related expense. Paragraph 29</p> <p>Grants related to assets may be presented:</p> <p>(a) As deferred income (and released to profit or loss when related expenditure impacts profit or loss); or</p> <p>(b) By deducted the grant from the asset's carrying amount. Paragraphs 26-27</p>	–	PBE IPSAS 23 does not permit non-exchange revenue to be offset against expenses.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

PBE IPSAS 23 *Revenue from Non-Exchange Transactions*. IPSAS 23 (2006) was developed by the IPSASB.

This document does not provide a detailed paragraph-by-paragraph comparison between the standards. It highlights key differences only. The comparisons are intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgement. The impact of the differences between standards on a particular entity will depend upon the circumstances of the entity and the particular accounting policies applied by the entity.

	NZ IFRS	PBE IPSAS 23	Notes
Scope	–	<p>Non-exchange transactions</p> <p>PBE IPSAS 23 applies to accounting for revenue from non-exchange transactions.</p> <p>Paragraph 2</p>	<p>Under NZ IFRS, accounting for government grants is dealt with in NZ IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>. Government grants could be exchange or non-exchange transactions.</p> <p>Refer to the comparison of NZ IAS 18 <i>Revenue</i> and PBE IPSAS 9 <i>Revenue from Exchange Transactions</i> in Part B above and to the summary of PBE IPSAS 23 <i>Revenue from Non-Exchange Transactions</i> below for guidance on accounting for government grants depending on whether the grants are exchange or non-exchange transactions.</p>
	–	<p>Concessionary loans</p> <p>Concessionary loans: PBE IPSAS 23 requires the loan to be split into exchange and non-exchange components. The portion that is repayable, along with any interests payments, is an exchange transaction accounted for in accordance with PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i>. The difference between the transaction price (loan proceeds) and the fair value of the loan on initial recognition is a non-exchange transaction</p>	<p>NZ IAS 20 requires the government grant component (the benefit component) of the loan to be accounted for as a government grant. The other portion is accounted for in accordance with NZ IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. The benefit of the below-market rate of interest is required to be measured as the difference between the initial carrying value of the loan determined in accordance with NZ IAS 39 and the proceeds</p>

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		<p>accounted for in accordance with PBE IPSAS 23; recognised as revenue, except if a present obligation exists. Fair value must be determined having regard to the requirements of PBE IPSAS 29.</p> <p>Paragraphs 10 and 105B</p> <p>Paragraphs AG88 and IPSASB BC6 of PBE IPSAS 29.</p>	<p>received.</p> <p>Paragraph 10A</p> <p>Initial measurement of concessionary loans may differ due to differences in how fair value is determined and the treatment of transaction costs.</p>
Definitions	–	<p>Exchange and non-exchange transactions</p> <p>Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.</p> <p>Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.</p> <p>Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.</p> <p>Paragraph 7</p>	<p>NZ IFRS does not distinguish between exchange and non-exchange transactions.</p>

	NZ IFRS	PBE IPSAS 23	Notes
	–	<p>Stipulations and conditions</p> <p>Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity. Paragraph 7</p> <p>Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor. Paragraph 7</p> <p>Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified. Paragraph 7</p>	
Recognition	–	<p>Assets</p> <p>An inflow of resources arising from a non-exchange transaction (other than a contribution from owners) is recognised as an asset if the inflow gives rise to an item that meets the definition of an asset in PBE IPSAS 1 <i>Presentation of Financial Statements</i> and satisfies the following recognition criteria:</p> <p>(a) It is probable that the future economic benefits or service potential associated</p>	–

	NZ IFRS	PBE IPSAS 23	Notes
		<p>with the asset will flow to the entity; and</p> <p>(b) The fair value of the asset can be measured reliably.</p> <p>Paragraphs 30-31, 37-38 and 39-41</p>	
	-	<p>Liabilities</p> <p>A liability is recognised in respect of a transferred asset when the transferred asset is subject to a condition. The key feature of a condition is that the asset must be consumed as specified, otherwise future economic benefits or service potential must be returned to the owner.</p> <p>Paragraphs 17-18</p> <p>A present obligation arising from a non-exchange transaction that meets the definition of a liability in PBE IPSAS 1 is recognised as a liability when, and only when the following recognition criteria are met:</p> <p>(a) It is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and</p> <p>(b) A reliable estimate can be made of the amount of the obligation</p> <p>Paragraphs 50 to 54</p> <p>Conditions on a transferred asset give rise to a present obligation on initial recognition that will be recognised when the recognition criteria of a liability are met.</p> <p>Paragraphs 55 and 56</p>	-

	NZ IFRS	PBE IPSAS 23	Notes
	–	<p>Taxes</p> <p>An entity shall recognise an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.</p> <p>Paragraphs 59 to 70</p>	–
	–	<p>Revenue</p> <p>Revenue is recognised to the extent that a liability is not also recognised. A liability is recognised to the extent that the present obligations have not been satisfied.</p> <p>Paragraph 44</p> <p>As an entity satisfies a present obligation recognised as a liability it shall reduce the carrying amount of the liability and recognise revenue.</p> <p>Paragraph 45</p>	–
	–	<p>Debt forgiveness</p> <p>Entities recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.</p> <p>Paragraph 85</p>	<p>Under NZ IAS 20, a forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan.</p> <p>Paragraph 10</p>

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		<p>Transfers and services in kind</p> <p>An entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.</p> <p>Paragraphs 76 to 82</p> <p>An entity may, but is not required to, recognise services in-kind as revenue and as an asset.</p> <p>Paragraphs 98 to 103</p>	
Measurement	–	<p>Assets</p> <p>An asset acquired through a non-exchange transaction is required to be measured initially at its fair value as at the date of acquisition.</p> <p>Paragraph 42</p>	–
	–	<p>Revenue</p> <p>Revenue from non-exchange transactions shall be measured at the amount of the increase in net assets recognised by the entity.</p> <p>Paragraph 48</p>	PBE IPSAS 23 does not permit recognition of non-monetary grants at nominal amounts. Under NZ IAS 20, entities are permitted to recognise at nominal amounts, assets received from government.
	–	<p>Liabilities</p> <p>The amount recognised as a liability shall be the best estimate of the amount required to settle the present obligation at the reporting date.</p> <p>Paragraphs 57 and 58</p>	–
	–	<p>Taxes</p> <p>Taxation revenue shall be determined at a gross amount. It shall not be reduced for expenses paid through the tax system (e.g. amounts that</p>	–

	NZ IFRS	PBE IPSAS 23	Notes
		<p>are available to beneficiaries regardless of whether or not they pay taxes).</p> <p>Paragraph 71</p> <p>Taxation revenue shall not be grossed up for the amount of tax expenditures (e.g. preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others).</p> <p>Paragraph 73</p>	