



Accounting Standards Review Board

Communiqué 2009/5 – November 2009

The ASRB met on 18 November 2009. The principal matters discussed at the meeting were:

- Financial Reporting Framework Review
- Approvals of Financial Reporting Standards
- Trans-Tasman Outcomes Framework
- Discussions with the Financial Reporting Standards Board
- Planning for the future.

In addition, the Board recently approved one standard by circular resolution

Financial Reporting Framework Review

The Board noted that the Ministry of Economic Development Discussion Document [The Statutory Framework for Financial Reporting](#) and the ASRB's own Discussion Document [Proposed Application of Accounting and Assurance Standards under the Proposed New Statutory Framework for Financial Reporting](#) had been published on 30 September 2009.

It was noted that members of the Board are attending various workshops and discussions relating to the Discussion Documents. In general the Discussion Documents had been well received.

The Board encourages all involved in the financial reporting process across all sectors to carefully consider and comment on the proposals in these documents. Comments have been requested by Friday **29 January 2010**.

Approvals of Financial Reporting Standards

The ASRB approved two Amendments to Financial Reporting Standards and one new Financial Reporting Standard submitted by the Financial Reporting Standards Board (FRSB) of the New Zealand Institute of Chartered Accountants.

Approval 124 – Approval of Classification of Rights Issues - Amendment to New Zealand Equivalent to International Accounting Standard 32 Financial Instruments: Presentation (Amendment to NZ IAS 32)

This amendment to NZ IAS 32 clarifies the classification of instruments that give holders the right to acquire an entity's own equity instruments at a fixed price when that price is fixed in a currency other than that entity's functional currency. It also clarifies that a rights issue offered pro rata to all of an entity's existing shareholders on the exercise of which the entity will receive a fixed amount of cash for a fixed number of the entity's own equity instruments is classified as an equity instrument regardless of the currency in which the exercise price is denominated.

Approval 125 – Approval of the revised New Zealand Equivalent to International Accounting Standard 24 Related Party Disclosures (NZ IAS 24)

This standard adopts all of the requirements of the revised IAS 24 adopted by the IASB. There are also New Zealand specific amendments to the standard, including updated partial exemptions for public sector entities. The updating of the partial exemptions were necessary as a result of changes to IAS 24 to provide exemptions from certain disclosure requirements for government-related entities



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Approval 126 - Approval of NZ IFRS 9

This standard adopts all of the requirements of IFRS 9 adopted by the IASB. This is the first part of the IASB's IFRS 39 project, and covers measurement and classification of financial assets.

Trans-Tasman Outcomes Framework

The Board noted that good progress was being made with the Trans-Tasman Outcomes Framework. It is anticipated that further progress will be made in discussions at the Trans-Tasman Accounting and Auditing Standards Advisory group (TTAASAG) meeting in Melbourne, Australia on 2 December 2009.

Discussions with the Financial Reporting Standards Board

The Board discussed a number of international initiatives with the FRSB, including:

- the further development of a number of key initiatives with the Australian Accounting Standards Board (AASB), including the elimination of differences between New Zealand and Australia for for-profit entities, and discussions on differential reporting.
- the Asian-Oceanian Standard-Setters Group (AOSSG) meeting in Kuala Lumpur on 4/5 November 2009. The FRSB noted that there were 23 countries represented. The members of AOSSG adopted a Memorandum of Understanding at that meeting.

Planning for the future (including Auditor Oversight)

The Board considered tentative plans for the future of the ASRB, consequent on the proposed changes to the Board's functions as proposed in the MED's Discussion Document *The Statutory Framework for Financial Reporting* and the recent announcements by the Minister of Commerce regarding auditor registration and oversight. The Board:

- agreed a number of initiatives which the Board should undertake over the coming year (including some relating to auditing standards and auditor registration and oversight);
- identified aspects of the initiatives identified which require clarification or further development; and
- discussed the proposed priority and tentative responsibility for each initiative.

The Board recognised the need for an increased level of resources to enable the Board to be able to carry out the functions and initiatives envisaged for the re-constituted ASRB and to prepare for such responsibilities in a responsible manner. Further discussions will be held with the MED on these aspects, and the plans and initiatives will be discussed again at future Board meetings.

The ASRB will next meet on Thursday 11 February 2010.

About the ASRB

The ASRB is an independent Crown entity established under the Financial Reporting Act 1993 and charged with reviewing and approving the financial reporting standards that largely comprise generally accepted accounting practice in New Zealand. Generally accepted accounting practice underpins the financial reporting policy of all entities meeting public accountability expectations.

The overall objectives of the Board are to contribute to improvement in the quality of external financial reporting in the public and private sectors for the benefit of users and to assist preparers and auditors of financial reports. In addition, the Board is responsible for facilitating the harmonisation of New Zealand and Australian standards.