

Quicklinks

[SITMAP](#) | [SEARCH](#) | [NEWS](#) | [CONTACT US](#) | [HOME](#) | [LOGIN](#)[About the Institute](#)[Careers & Jobs](#)[Courses & Events](#)[Membership](#)[Services & Products](#)

## Adoption of International Financial Reporting Standards

22/11/2002

*John Hagen, Chair, Accounting Standards Review Board, and Tony van Zijl, Chair Financial Reporting Standards Board*

The Accounting Standards Review Board (ASRB) announced on 21 October that it had decided to recommend to Government and other affected bodies, that from 2007 listed issuers be required to comply with the International Financial Reporting Standards issued by the International Accounting Standards Board, and have the option to adopt the standards earlier, say by 2005. The ASRB also confirmed New Zealand's commitment to sector neutral financial reporting standards — that is, a single set of standards that applies to both the public sector and private sector.

The decision was made following a meeting with the Standing Committee of the Institute's Financial Reporting Standards Board (FRSB). The recommendation departs from the policy proposed by the FRSB in ED-92, issued in June 2002, that it would in future develop New Zealand standards based on international standards, and that it would depart from those international standards only in rare and exceptional circumstances.

The departure from the FRSB's proposed policy results from the recent decision made in Australia to adopt international standards from 2005. Given the close economic ties to Australia and the tendency for international investors to group New Zealand with Australia, to stand aside from the Australian decision would be costly and place at risk the credibility of financial reporting in New Zealand.

The practical effect of the adoption of international standards as proposed would likely be to advance by several years the date by which New Zealand would have achieved complete harmonisation under the ED-92 policy. While this result is highly desirable, it brings forward into a tight timeframe a number of significant implementation issues. In announcing its recommendation, the ASRB noted in particular the impact on the public sector and on small and medium-

[Branch News](#)  
[Events](#)  
[Institute Services](#)  
[Journal Index](#)  
[Membership](#)  
[People](#)  
[Professional Development](#)  
[Public Issues](#)  
[Standards](#)  
[Tax](#)

sized entities (SMEs). The FRSB is working towards a review of financial reporting by SMEs and the review will be given high priority.

The ASRB has set up a consultative group comprising members of the ASRB and the FRSB that will meet with Government and a range of public and private sector bodies to discuss the recommendation.

The Australian Accounting Standards Board has also committed to maintaining sector neutral standards, and will achieve this by including with the standards, where relevant, provisions that are specific to the public sector. Discussions have been held with the Australian Accounting Standards Board with the view to working closely together towards common solutions to such implementation issues.

[© Institute of Chartered Accountants of New Zealand — Disclaimer](#)

[SITEMAP](#) | [SEARCH](#) | [NEWS](#) | [CONTACT US](#) | [HOME](#)

Quicklinks