

PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets – Differences to NZ IFRS (PBE)

	NZ IAS 37 (PBE)	PBE IPSAS 19	Difference
1	<p>Included in the definition of a contingent liability in NZ IAS 37 (PBE) is:</p> <p><i>a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.</i></p> <p>NZ IAS 37.10</p>	<p>The wording in PBE IPSAS 19 is almost the same, but also includes a reference to service potential as below.</p> <p><i>A present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits <u>or service potential</u> will be required to settle the obligation.</i></p> <p>The notion of service potential has also been added to the definition of <i>onerous contract</i>.</p> <p>PBE IPSAS 19.18</p>	<p>This is a minor change only, reflecting the inclusion of the <i>service potential</i> concept throughout the standard.</p> <p>This change is not expected to impact current practice.</p>
2	<p>The following interpretations relating to NZ IAS 37 were separate to the standard.</p> <ul style="list-style-type: none"> a) NZ IFRIC 1 Changes in existing Decommissioning, Restoration and Similar Liabilities; b) NZ IFRIC 5 Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and c) NZ IFRIC 6 Liabilities arising from Participation in a Specific Market – Waste Electrical and Electronic Equipment 	<p>The following guidance is integral to the standard and included as appendices.</p> <p>Appendix A - Changes in existing Decommissioning, Restoration and Similar Liabilities;</p> <p>Appendix B – Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and</p> <p>Appendix C – Liabilities arising from Participation in a Specific Market – Waste Electrical and Electronic Equipment</p>	<p>All three IFRICs are now integral to the standard (included as appendices). There is no change to the guidance itself.</p>
3		<p>PBE IPSAS 19 provides more examples relevant to the public sector (e.g. a breach of environmental law) and gives more examples and guidance in relation to restructuring provisions.</p>	<p>The inclusion of this additional guidance is not expected to impact current practice under NZ IFRS.</p>