



preface

This is the third edition of the book originally published in 2001. This book is written primarily for students studying accounting at the undergraduate level, and provides comprehensive coverage of various issues in financial accounting. Since the publication of the first edition, significant changes have occurred to the way financial reporting standards are developed in New Zealand. This is illustrated by the October 2002 announcement by the Accounting Standards Review Board (ASRB) to the Government and other affected bodies. It recommended that from 2007, listed issuers would be required to comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). These issuers would be permitted to adopt IFRS from 2005. This is in line with the Australian Accounting Standards Board decision that international financial reporting standards be adopted in Australia from 2005. Effectively what this means is that the responsibility for setting accounting standards for use in New Zealand was, for the first time, moved to an international body rather than being developed domestically. The decision to adopt standards issued by the IASB meant that New Zealand accounting standards changed, both in content and in the numbers assigned to the respective standards.

This book details the changes that have already occurred and some of those that will occur in the future, due to the decision to adopt International Accounting Standards Board standards. While an attempt has been made to include all possible changes in this edition, any significant changes or chapter updates will be posted on the website for this book (www.mhhe.com/au/samkin3e).

All the chapters in this book have had to be revised because of the changes in accounting standards, many of which were quite dramatic. In addition, a further chapter has been included dealing with share-based payments. It has been a major exercise to comprehensively update the book so that teachers are teaching up-to-date material. The input provided by many people towards the timely completion of this book is gratefully received.

This is the first financial accounting text to be released in New Zealand that is based on the New Zealand equivalents to International Financial Reporting Standards issued by the Financial Reporting Standards Board. At the outset of the writing process it was decided that the third edition would be based on the accounting standards issued by the FRSB rather than on the standards issued some time earlier by the IASB. We believe that this decision provides the best educational outcome as there are differences between the standards issued by the FRSB and those issued by the IASB. For example, some of the new NZ international financial reporting standards limit the number of accounting options permitted relative to the IASB standards (for example, where an IASB standard permits two alternative options to be applied the New Zealand accounting standard may only permit one of the options to be applied).

Apart from changes in accounting standards, another major change that has been included in the third edition rewrite is the change in the New Zealand conceptual framework. Throughout this book, reference is made to the New Zealand 'Framework for the Preparation and Presentation of Financial Statements' given authoritative support by the ASRB in June 2005 (which in turn is modeled on the Framework released by the IASB).

Each chapter of this third edition contains learning objectives (structured to specify what it is that we expect a student will be able to do as a result of the learning activity),

