1. Statement of Accounting Policies

Basis of Presentation

Tourism Holdings Limited (the 'Parent') and its subsidiaries (together 'the Group') primary operations are the manufacture, rental and sale of motor homes and campervans and other tourism related activities. The parent is domiciled in New Zealand. The registered office is Level 1, 83 Beach Road, Auckland 2014, New Zealand.

The Parent is a company registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978. The financial statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993. Tourism Holdings is a profit oriented company.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Act 1993 which requires compliance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs) and other applicable Financial Reporting Standards (NZ FRSs). These financial statements comply with International Financial Reporting Standards.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the note. Tourism Holdings Limited and any other party do not have the power to alter the financial statements after they have been issued.

Consolidation

Subsidiaries

The Group’s accounting policy for the consolidation of subsidiaries is as follows:

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs associated with the acquisition are expensed immediately in the Income Statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group’s share of its associates’ post-acquisition profits or losses is recognised in the income statement.
Joint ventures
Joint Ventures are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of 50% of the voting rights. Investments in joint ventures that are jointly controlled entities are accounted for using the equity method of accounting in the Group financial statements and are initially recognised at cost. The Group’s share of its joint ventures’ post-acquisition profits or losses is recognised in the income statement. Investment in a joint venture is carried at cost less any impairment in the Parent financial statements.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team together with the Board of Directors who together make strategic decisions.

Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group’ entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand, which is the Company’s functional and presentation currency.

Transaction and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

Group companies
The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii. income and expenses for each income statement are translated at the month end exchange rates; and

iii. all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment
Land and buildings comprise mainly branches, retail outlets and offices. Land and buildings are shown at historical cost, less subsequent accumulated depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation. Land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

- Motorhomes: 3 - 6 years
- Buildings & leasehold improvements: 10 - 40 years
- Vehicles & Coaches: 5 - 20 years
- Other Plant & Equipment: 3 - 5 years
The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

**Intangible assets**

**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

**Brands**

Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands are deemed to have an indefinite life as the Group has determined that there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the entity. Brands are tested annually for impairment and are carried at cost less any accumulated impairment losses.

**Trademarks and licences**

Trademarks and licences are shown at historical cost less amortisation over the term of the particular licence.

**Computer software**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (three to five years).

**Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**Non current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

**Financial Assets**

Loans and receivables and derivatives held for trading recognised on trade date are non-derivative financial
assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Those are classified as non-current assets. Loans and receivables include trade and other receivables and cash and equivalents in the balance sheet.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of Financial Assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The asset’s carrying amount is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); (2) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in the notes. Movements on the hedge reserve in shareholders’ equity are shown in the notes. The full fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within ‘finance costs’. The gain or loss relating to the ineffective portion is recognised in the income statement within ‘other (losses)/gains - net’. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the income statement within ‘finance costs’.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.
Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other (losses)/gains - net'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

Share capital
Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.
Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as an expense in the period in which they are incurred, except for borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised. Qualifying assets are those assets that necessarily take an extended period of time (6 months or more) to get ready for their intended use.

**Current and deferred income tax**

Income tax expenses in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recovered in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the Income Statement, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

**Employee benefits**

**Share scheme**
The Group recognises a liability and an expense for payments based on a formula that takes into consideration the share price. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**Short term employee benefits**
Employee entitlements to salaries and wages and annual leave, to be settled within 12 months of the reporting date represent present obligations resulting from employee's services provided up to the reporting date, calculated at undiscounted amounts based on remuneration rates that the group expects to pay.

**Provisions**

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligations; and the amount has been reliability estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Warranty provisions relate to repairs of third party motorhomes. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.
Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of goods & services tax, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

i) Sales of services
Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

ii) Sales of goods
Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash or by credit card. Sales of motorhomes are recognised when the transfer of risks and rewards takes place, typically on delivery, and are invoiced at that time.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain vehicles, property, plant and equipment (i.e. is the Lessee). Leases of vehicles, property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The vehicles, property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the assets or the lease term.

Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company’s directors.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The nominal value less impaired provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in the notes. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations (refer to note 17). These calculations require the use of estimates.

ii) Income taxes
The Group is subject to income taxes in three jurisdictions. Significant judgement is required in
determining the worldwide provision for income taxes. There are many transactions and calculations for
which the ultimate tax determination is uncertain during the ordinary course of business. The Group
recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will
be due. Where the final tax outcome of these matters is different from the amounts that were initially
recorded, such differences will impact the income tax and deferred tax provisions in the period in which
such determination is made.

iii) Revenue recognition
The Group uses the percentage-of-completion method in accounting for its sales of services. Use of the
percentage-of-completion method requires the Group to estimate the services performed to date as a
proportion of the total services to be performed.

iv) Fleet impairment provisions
The Group has estimated the impairment charge on the fleet based on the difference between the
current carrying value of the fleet and their recoverable amounts.

Changes in accounting policy

Issued standards and amendments effective for 2012 financial statements.

NZ IAS 24, ‘Related party disclosures’ (revised 2009). Amends the definition of a related party and modifies
certain related-party disclosure requirements for government-related entities. The standard has an effective date
of 1 January 2011.

NZ IFRS 7, ‘Financial instruments’ Emphasises the interaction between quantitative and qualitative disclosures
about the nature and extent of risks associated with financial instruments. The standard has an effective date of 1

NZ IAS 1, ‘Presentation of financial statements’ Clarifies that an entity will present an analysis of other
comprehensive income for each component of equity, either in the statement of changes in equity or in the notes
to the financial statements. The standard has an effective date of 1 January 2011. Applied retrospectively.

Amendments to NZ IFRS 7, ‘Financial instruments: Disclosures’ on derecognition. This amendment will promote
transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures
relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly
those involving securitisation of financial assets. The standard has an effective date of 1 July 2011.

NZ FRS 44 New Zealand Additional Disclosures and Harmonisation Amendments (effective 1 July 2011). NZ FRS
44 sets out New Zealand specific disclosures for entities that apply NZ IFRSs. These disclosures have been
relocated from NZ IFRSs to clarify that these disclosures are additional to those required by IFRSs. Adoption of
the new rules have not affected any of the amounts recognised in the financial statements, but have simplified
some of the Group’s current disclosures. The Harmonisation Amendments amended various NZ IFRSs for the
purpose of harmonising with the source IFRSs and Australian Accounting Standards.

There was no change to measurement and disclosures in the financial statements as result of these changes
during the year.

Issued standards and amendments effective for 2013 and beyond.

Amendment to NZ IAS 1, ‘Financial statement presentation’ regarding other comprehensive income. The main
change resulting from these amendments is a requirement for entities to Group items presented in ‘other
comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss
subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
The standard has an effective date of 1 July 2012.

NZ IFRS 8, ‘Financial instruments’ NZ IFRS 9 is the first standard issued as part of a wider project to replace NZ
IAS 39. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes (primary measurement categories for) financial assets: amortised cost and fair value. The basis of classification depends
on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in
NZ IAS 39 on impairment of financial assets and hedge accounting continues to apply. With regard to financial
liabilities, the recognition and measurement guidance is unchanged from NZ IAS 39. An additional presentational
requirement has been added for liabilities designated at fair value through profit and loss (FVTPL). The standard
has an effective date of 1 January 2015.
NZ IFRS 10, ‘Consolidated financial statements’ The objective of NZ IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities (an entity that controls one or more other entities) to present consolidated financial statements. Defines the principle of control, and establishes controls as the basis for consolidation. Set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. Sets out the accounting requirements for the preparation of consolidated financial statements. The standard has an effective date of 1 January 2013.

NZ IFRS 11, ‘Joint arrangements’ NZ IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The standard has an effective date of 1 January 2013.

NZ IFRS 12, ‘Disclosures of interests in other entities’ NZ IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard has an effective date of 1 January 2013.

NZ IFRS 13, ‘Fair value measurement’ NZ IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across NZ IFRSs. The requirements, which are largely aligned between NZ IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within NZ IFRSs or US GAAP. The standard has an effective date of 1 January 2013.

NZ IAS 27 (revised 2011), ‘Separate financial statements’ NZ IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of NZ IAS 27 have been included in the new NZ IFRS 10. The standard has an effective date of 1 January 2013.

NZ IAS 28 (revised 2011), ‘Associates and joint ventures’ NZ IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of NZ IFRS 11. The standard has an effective date of 1 January 2013.

Management is still determining the likely impact of these standards.

Other interpretations and amendments are unlikely to have an impact on the Group’s financial statements and have therefore not been analysed in detail.