

AASB Standard

AASB 2009-X
September 2009

Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters

[AASB 1]



Australian Government

**Australian Accounting
Standards Board**

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Australian Accounting Standard AASB 2009-X *Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters* is set out in paragraphs 1 – 8. All the paragraphs have equal authority.

PREFACE

Standard Amended by AASB 2009-X

This Standard makes amendments to Australian Accounting Standard AASB 1 *First-time Adoption of Australian Accounting Standards*.

These amendments arise from the issuance of *Additional Exemptions for First-time Adopters (Amendments to IFRS 1)* by the International Accounting Standards Board in July 2009.

Main Features of this Standard

Application Date

This Standard is applicable to annual reporting periods beginning on or after 1 January 2010. Early adoption is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2010.

Main Requirements

The amendments address the retrospective application of Australian Accounting Standards to ensure that entities applying Australian Accounting Standards for the first time will not face undue cost or effort in the transition process in particular situations.

The amendments:

- (a) specify requirements for entities using the full cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets; and
- (b) exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 *Determining whether an Arrangement contains a Lease* when the application of their previous accounting policies would have given the same outcome.

ACCOUNTING STANDARD AASB 2009-X

The Australian Accounting Standards Board makes Accounting Standard AASB 2009-X *Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters* under section 334 of the *Corporations Act 2001*.

Dated XX September 2009

Kevin M Stevenson
Chair – AASB

ACCOUNTING STANDARD AASB 2009-X

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – ADDITIONAL EXEMPTIONS FOR FIRST-TIME ADOPTERS

Objective

- 1 The objective of this Standard is to make amendments to AASB 1 *First-time Adoption of Australian Accounting Standards* as a consequence of the issuance of *Additional Exemptions for First-time Adopters (Amendments to IFRS 1)* by the International Accounting Standards Board in July 2009.

Application

- 2 **This Standard applies to:**
 - (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**
 - (b) **general purpose financial statements of each other reporting entity; and**
 - (c) **financial statements that are, or are held out to be, general purpose financial statements.**
- 3 **This Standard applies to annual reporting periods beginning on or after 1 January 2010.**
- 4 **This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2010.**

If an entity applies this Standard to such an annual reporting period, it shall disclose that fact.

- 5 This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material.**

Amendments to AASB 1

Presentation and disclosure

Explanation of transition to Australian Accounting Standards

- 6 Paragraph 31A and a heading are added.**

Use of deemed cost for oil and gas assets

31A If an entity uses the exemption in paragraph D8A(b) for oil and gas assets, it shall disclose that fact and the basis on which carrying amounts determined under previous GAAP were allocated.

Effective date

- 7 Paragraph 39A is added.**

39A AASB 2009-X *Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters*, issued in September 2009, added paragraphs 31A, D8A, D9A and D21A and amended paragraph D1(c), (d) and (l). An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2010. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.

Exemptions from other Australian Accounting Standards

- 8** In Appendix D, paragraph D1(c), (d) and (l) and a heading are amended (new text is underlined and deleted text is struck through). Paragraphs D8A, D9A and D21A are added.

D1 An entity may elect to use one or more of the following exemptions:

- (a) ...
- (c) ~~fair value or revaluation~~ as deemed cost (paragraphs D5–D8A);
- (d) leases (paragraphs D9 and D9A);
- (e) ...
- (l) decommissioning liabilities included in the cost of property, plant and equipment (paragraphs D21 and D21A);
- (m) ...

~~Fair value or revaluation as deemed cost~~

D8A Under some national accounting requirements exploration and development costs for oil and gas properties in the development or production phases are accounted for in cost centres that include all properties in a large geographical area. A first-time adopter using such accounting under previous GAAP may elect to measure oil and gas assets at the date of transition to Australian Accounting Standards on the following basis:

- (a) exploration and evaluation assets at the amount determined under the entity's previous GAAP; and
- (b) assets in the development or production phases at the amount determined for the cost centre under the entity's previous GAAP. The entity shall allocate this amount to the cost centre's underlying assets pro rata using reserve volumes or reserve values as of that date.

The entity shall test exploration and evaluation assets and assets in the development and production phases for impairment at the date of transition to Australian Accounting Standards in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* or AASB 136 respectively and, if necessary, reduce the amount determined in accordance with (a) or (b) above. For the purposes of this paragraph, oil and gas assets comprise only those assets used in the exploration, evaluation, development or production of oil and gas.

Leases

D9A If a first-time adopter made the same determination of whether an arrangement contained a lease in accordance with previous GAAP as that required by Interpretation 4 (as identified in AASB 1048) but at a date other than that required by Interpretation 4, the first-time adopter need not reassess that determination when it adopts Australian Accounting Standards. For an entity to have made the same determination of whether the arrangement contained a lease in accordance with previous GAAP, that determination would have to have given the same outcome as that resulting from applying AASB 117 *Leases* and Interpretation 4.

Decommissioning liabilities included in the cost of property, plant and equipment

D21A An entity that uses the exemption in paragraph D8A(b) (for oil and gas assets in the development or production phases accounted for in cost centres that include all properties in a large geographical area under previous GAAP) shall, instead of applying paragraph D21 or Interpretation 1 (as identified in AASB 1048):

- (a) measure decommissioning, restoration and similar liabilities as at the date of transition to Australian Accounting Standards in accordance with AASB 137; and
- (b) recognise directly in retained earnings any difference between that amount and the carrying amount of those liabilities at the date of transition to Australian Accounting Standards determined under the entity's previous GAAP.