

Repeat Application of AASB 1

Extracts from Relevant Standards – AASB 2012-5 and AASB 1053

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (June 2012)

The following extract from AASB 2012-5 (paragraph 8) presents the amendments to the paragraphs of AASB 1 *First-time Adoption of Australian Accounting Standards* in relation to the repeat application of AASB 1. The amendments apply to annual reporting periods beginning on or after 1 January 2013.

Amendments to AASB 1

8 Paragraphs 4A, 4B, 23A, 23B and 39P are added as follows:

- 4A Notwithstanding the requirements in paragraphs 2–Aus3.2, an entity that has applied Australian Accounting Standards or IFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with Australian Accounting Standards or IFRSs, must either apply this Standard or else apply Australian Accounting Standards retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* as if the entity had never stopped applying Australian Accounting Standards or IFRSs.
- 4B When an entity does not elect to apply this Standard in accordance with paragraph 4A, the entity shall nevertheless apply the disclosure requirements in paragraphs 23A and 23B of AASB 1, in addition to the disclosure requirements in AASB 108.
- 23A An entity that has applied Australian Accounting Standards or IFRSs in a previous period, as described in paragraph 4A, shall disclose:
 - (a) the reason it stopped applying Australian Accounting Standards or IFRSs; and
 - (b) the reason it is resuming or commencing the application of Australian Accounting Standards.
- 23B When an entity, in accordance with paragraph 4A, does not elect to apply AASB 1, the entity shall explain the reasons for electing to apply Australian Accounting Standards as if it had never stopped applying Australian Accounting Standards or IFRSs.
- 39P AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*, issued in June 2012, added paragraphs 4A, 4B, 23A and 23B. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

AASB 1053 Application of Tiers of Australian Accounting Standards

Transition

- 17 Some of the disclosure requirements in AASB 1 *First-time Adoption of Australian Accounting Standards* have been excluded from Tier 2 reporting requirements. Accordingly, entities adopting Tier 2 reporting requirements for the first time that are required to apply AASB 1 shall comply with the reduced disclosure requirements in AASB 1, including for the purposes of paragraph 18.

Transition from Special Purpose Financial Statements to Tier 1 or Tier 2

- 18 **An entity that prepared its most recent previous financial statements in the form of special purpose financial statements and:**

- (a) **did not apply the recognition and measurement requirements of applicable Australian Accounting Standards; or**
- (b) **applied the recognition and measurement requirements of applicable Australian Accounting Standards selectively;**

shall apply all the relevant requirements of AASB 1 on transition to either Tier 1 or Tier 2.

19 An entity that prepared its most recent previous financial statements in the form of special purpose financial statements and applied all the recognition and measurement requirements of applicable Australian Accounting Standards, including the recognition and measurement requirements of AASB 1, shall:

- (a) **on transition to Tier 2, not apply AASB 1; and**
- (b) **on transition to Tier 1, apply AASB 1.**

20 In relation to paragraph 19(b), entities claiming compliance with IFRSs need to apply the full disclosure requirements of AASB 1. Not-for-profit entities applying Aus paragraphs claiming compliance with Australian Accounting Standards, but not necessarily compliance with IFRSs, also need to apply the full disclosure requirements of AASB 1.

Transition between Tiers

21 An entity transitioning from Tier 2 to Tier 1 shall:

- (a) **apply AASB 1, if it is claiming compliance with IFRSs; and**
- (b) **not apply AASB 1, if it is a not-for-profit entity not claiming compliance with IFRSs.**

22 In relation to paragraph 21(a), entities claiming compliance with IFRSs (which would include all for-profit entities applying Tier 1 reporting requirements) need to apply the full requirements of AASB 1, as in previously applying Tier 2 reporting requirements, they have only applied some of the disclosure requirements of AASB 1.

23 An entity transitioning from Tier 1 to Tier 2 shall not apply AASB 1.