



Australian Government
Australian Accounting Standards Board

Memorandum

To:	AASB members	Date:	11 December 2014
From:	Evelyn Ling	Agenda Item:	5.1 (M142)
Subject:	Forthcoming amendments to AASB 134	File:	

Action

Decide how to proceed with the forthcoming amendments to AASB 134 *Interim Financial Reporting*.

Attachment

Agenda Paper 3.7 ED 256 *Removal of Cross-References from Financial Statements to Other Documents* subs 1-9

Forthcoming amendments to AASB 134

Amendments to IAS 34 *Interim Financial Reporting* were issued by the IASB as part of International Financial Reporting Standard *Annual Improvements to IFRSs 2012-2014 Cycle* in September 2014 following a request to the IASB to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ as used in IAS 34. At its September 2014 meeting, consistent with its proposed policy exposed in ED 256 *Removal of Cross-References from Financial Statements to Other Documents*, the AASB decided to exclude the forthcoming (then near-final) second and third sentences of IAS 34.16A, on the basis that the deleted text may have unintended consequences in an Australian reporting context.

That is, the text of AASB 134.16A would read after incorporation of the annual improvement as follows (strike through text shows the departure from IAS 34):

16A In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the following information, in the notes to its interim financial statements or elsewhere in the interim financial report. ~~The following disclosures shall be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time. If users of the financial statements do not have access to the information incorporated by cross-reference on the same terms and at the same time, the interim financial report is incomplete.~~ The information shall normally be reported on an annual reporting period-to-date basis.

(a) ...

The AASB work program indicates that an Amending Standard incorporating *Annual Improvements to IFRSs 2012-2014 Cycle* is expected to be issued in Q1 2015.

Feedback from ED 256

In October 2014, the Board issued ED 256. The ED exposed the Board's proposed policy to not include in Australian Accounting Standards any IFRS text that mentions that an entity could disclose information specified by Accounting Standards by cross-reference from the general purpose financial statements to another document. The ED also proposed amendments to AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 119 *Employee Benefits* to be consistent with this proposed policy.

The comment period on ED 256 closed 28 November 2014. The Board received 9 comment letters (included as Agenda Paper 3.7). Staff intend to bring the ED and comment letters back for Board redeliberation at the 11-12 February 2015 meeting, together with feedback from discussions with staff from ASIC and the AUASB.

However, staff note that 6 of the 9 comment letters received in response to ED 256 were **not supportive** of the Board's proposed policy. Accordingly, staff think it is necessary to seek a decision from the Board in relation to AASB 134, ahead of the Board's redeliberations on ED256, in order not to unnecessarily delay the issue of an Amending Standard incorporating *Annual Improvements to IFRSs 2012-2014 Cycle*, as to whether the Board wishes to:

- (i) proceed with its September 2014 decision on excluding the sentences in IAS 34.16A shown in strike through on the previous page; or
- (ii) incorporate into AASB 134 the text of IAS 34 as amended by *Annual Improvements to IFRSs 2012-2014 Cycle* without amendment.

Staff recommendation

The staff recommend that the second and third sentences of IAS 34.16A (as shown on the previous page in strike through) should, for the interim, be excluded from AASB 134 to be consistent with the decisions the Board has taken to date in relation to similar paragraphs in IFRS 7 *Financial Instruments: Disclosures* that allow specified information to be incorporated by cross-reference from the financial statements to another document.

These sentences could be reinserted into AASB 134, if necessary, following the Board's redeliberations on ED 256 in 2015.

Question to Board Members

- Q1 Do Board members agree with the staff recommendation to exclude the second and third sentences of IAS 34.16A from AASB 134 to be consistent with the decisions the Board has taken to date in relation to similar paragraphs in IFRS 7 that allow specified information to be incorporated by cross-reference from the financial statements to another document?