

Explanatory Statement

Accounting Standard AASB 1039 *Concise Financial Reports*

August 2008



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Reasons for Issuing AASB

AASB 1039 *Concise Financial Reports* was initially issued in December 1998, in response to changes to section 314 of the Corporations Law, introduced in the *Company Law Review Act 1998* (operative 1 July 1998). Section 314 remains in the *Corporations Act 2001*, with subsection 314(1) permitting an entity to fulfil the requirement to report annually to its members by providing an annual report on the company's website or a concise report. The contents of a concise report for a financial year are defined in subsection 314(2) and include (s314(2)(a)) "*a concise financial report for the year drawn up in accordance with accounting standards made for the purposes of this paragraph*".

The changes made by the AASB in this Standard are consequential amendments arising from Accounting Standards AASB 101 *Presentation of Financial Statements* (September 2007) and AASB 8 *Operating Segments* (February 2007) which are applicable for annual reporting periods beginning on or after 1 January 2009.

Main Features of this Standard

Application Date

The revised Standard is applicable to annual reporting periods beginning on or after 1 January 2009. Early adoption of the revised Standard is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2009 provided AASB 101 (September 2007) and AASB 8 (February 2007) are also applied to the period.

Main changes from AASB 1039 (April 2005)

The main changes from AASB 1039 (April 2005) are identified below:

- (a) changes have been made to terminology and descriptions of the financial statements to achieve consistency with that used in AASB 101, which is applicable for annual reporting periods beginning on or after 1 January 2009; and
- (b) the disclosure requirements relating to segments in paragraph 30 (formerly paragraph 6.2) have been reworded to achieve consistency with the equivalent requirements in AASB 8 which is applicable for annual reporting periods beginning on or after 1 January 2009.

Consultation Prior to Issuing AASB 1039

The changes are consequential amendments arising from issuing AASB 101 and AASB 8. Consultation noted below was conducted before issuing each of these Standards and as such there was no direct consultation with constituents prior to issuing the revised AASB 1039.

The AASB issued Exposure Draft ED 145 *Operating Segments*, the Australian equivalent to the IASB ED 8 *Operating Segments*, in January 2006. Ten submissions were received in respect of the proposals in the ED and there was substantial support for adopting an Australian equivalent to IFRS 8 *Operating Segments* in respect of for-profit reporting entities.

The AASB issued Exposure Draft ED 148 *Proposed Amendments to AASB 101 Presentation of Financial Statements: A Revised Presentation*, the Australian equivalent to the IASB Exposure Draft of *Proposed Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation*, in April 2006. One hundred and seventy-seven submissions were received. Respondents generally supported adopting an Australian equivalent to IAS 1 *Presentation of Financial Statements*.

A Regulatory Impact Statement has not been prepared in connection with the reissue of this Standard as the amendments it makes do not have a direct, or substantial indirect, effect on business or restrict competition, are of a minor or machinery nature and do not substantially alter existing arrangements.