

**ACCOUNTING STANDARD**

**AASB 2004-2**

December 2004

# **Amendments to Australian Accounting Standards**



**Australian Government**

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**Australian Accounting  
Standards Board**

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## CONTENTS

### PREFACE

#### **ACCOUNTING STANDARD AASB 2004-2 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS**

	<i>Paragraphs</i>
Objective	1
Application	2 – 6
Amendments to AASB 1	7 – 9
Amendment to AASB 121	10 – 11
Amendment to AASB 131	12 – 13
Amendment to AASB 134	14 – 15
Amendment to AASB 139	16 – 17
Amendment to AASB 141	18 – 19

Australian Accounting Standard AASB 2004-2 *Amendments to Australian Accounting Standards* is set out in paragraphs 1 – 19. All the paragraphs have equal authority.

## **PREFACE**

### **Standards Amended by AASB 2004-2**

This Standard makes consequential amendments to the following Australian Accounting Standards:

- (a) AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*;
- (b) AASB 121 *The Effects of Changes in Foreign Exchange Rates*;
- (c) AASB 131 *Interests in Joint Ventures*;
- (d) AASB 134 *Interim Financial Reporting*;
- (e) AASB 139 *Financial Instruments: Recognition and Measurement*; and
- (f) AASB 141 *Agriculture*.

For-profit entities that comply with the requirements of these Australian Accounting Standards, as amended by this Standard, will simultaneously be in compliance with the requirements of the corresponding International Financial Reporting Standards (IFRSs), being IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 31 *Interests in Joint Ventures*, IAS 34 *Interim Financial Reporting*, IAS 39 *Financial Instruments: Recognition and Measurement* and IAS 41 *Agriculture*. The ability of not-for-profit entities to be able to claim compliance with IFRSs is not affected by the amendments made by this Standard, but is dependent on whether the entity has applied “Aus” paragraphs in AASB 1 and AASB 141 when those paragraphs are inconsistent with the requirements of the corresponding IFRSs.

### **Main Features of this Standard**

#### **Application Date**

The application date of this Standard is linked to the application date of Australian equivalents to IFRSs. This Standard is applicable to annual reporting periods beginning on or after 1 January 2005. To promote comparability among the financial reports of Australian entities, early adoption of this Standard is not permitted.

## ACCOUNTING STANDARD AASB 2004-2

The Australian Accounting Standards Board makes Accounting Standard AASB 2004-2 *Amendments to Australian Accounting Standards* under section 334 of the *Corporations Act 2001*.

Dated 22 December 2004

D.G. Boymal  
Chair – AASB

## ACCOUNTING STANDARD AASB 2004-2 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS*

### Objective

1. The objective of this Standard is to make amendments to the following Australian Accounting Standards as a consequence of a review of Australian equivalents to International Financial Reporting Standards:
  - (a) AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*
  - (b) AASB 121 *The Effects of Changes in Foreign Exchange Rates*;
  - (c) AASB 131 *Interests in Joint Ventures*;
  - (d) AASB 134 *Interim Financial Reporting*;
  - (e) AASB 139 *Financial Instruments: Recognition and Measurement*; and
  - (f) AASB 141 *Agriculture*.

### Application

2. **In respect of AASB 1, AASB 121, AASB 131, AASB 139 and AASB 141, 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 reports of each other reporting entity; and**
  - (c) **financial reports that are, or are held out to be, general purpose financial reports.**
- 3. **In respect of AASB 134, this Standard applies to:**
  - (a) **each disclosing entity required to prepare half-year financial reports in accordance with Part 2M.3 of the Corporations Act;**
  - (b) **interim financial reports that are general purpose financial reports of each other reporting entity; and**
  - (c) **interim financial reports that are, or are held out to be, general purpose financial reports.**
- 4. **This Standard applies to annual reporting periods, and interim periods in respect of AASB 134, beginning on or after 1 January 2005.**
- 5. **This Standard shall not be applied to annual reporting periods, and interim periods in respect of AASB 134, beginning before 1 January 2005.**
- 6. Notice of this Standard was published in the *Commonwealth of Australia Gazette* No S 537, 22 December 2004.

## **Amendments to AASB 1**

- 7. In paragraph 13 of AASB 1, subparagraphs (j) and (k) are amended, and subparagraph (l) inserted, to read as follows:
  - 13. An entity may elect to use one or more of the following exemptions:
    - (a) .....
    - (j) decommissioning liabilities included in the cost of property, plant and equipment (paragraph 25E);
    - (k) leases (paragraph 25F); and
    - (l) fair value measurement of financial assets or financial liabilities at initial recognition (paragraph 25G).

8. A new heading and paragraph 25G are inserted as follows:

**Fair value measurement of financial assets or financial liabilities**

25G. Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in the last sentence of AASB 139 paragraph AG76, and paragraph AG76A, in either of the following ways:

- (a) prospectively to transactions entered into after 25 October 2002; or
- (b) prospectively to transactions entered into after 1 January 2004.

9. The amendments made by paragraphs 7 and 8 arise from the consequential amendments to IFRS 1 contained in the *Amendments to IAS 39 Financial Instruments: Recognition and Measurement* issued by the IASB.

**Amendment to AASB 121**

10. The following paragraph is added after paragraph 38 in AASB 121:

Aus38.1 Notwithstanding paragraph 38, for the purpose of reporting under the Corporations Act, entities are only permitted to present a financial report which purports to be drawn up in accordance with the Corporations Act in one presentation currency.

11. AASB 121 implies that reporting entities can present multiple financial statements in different currencies, whereas the Corporations Act is framed on the assumption that there is only one profit amount for a reporting entity for any reporting period. The amendment to AASB 121 is made to avoid the potential inconsistency between the Standard and the Corporations Act.

## **Amendment to AASB 131**

12. Paragraph 2 of AASB 131 is amended to read as follows:
2. **A venturer with an interest in a jointly controlled entity is exempted from paragraph 38 (*equity method*) when it meets the following conditions.**
    - (a) **the interest is classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*; or**
    - (b) **[Deleted by the AASB]**
    - (c) **all of the following apply:**
      - (i) .....
13. The amendment made by paragraph 12 is a correction of an error. The word 'or' has been added at the end of paragraph 2(a) to ensure that users understand that meeting either the condition in paragraph 2(a) or the condition in paragraph 2(c) exempts an entity from paragraph 38 of AASB 131.

## **Amendment to AASB 134**

14. Paragraph Aus14.2 of AASB 134 is amended to read as follows:
- Aus14.2 If an entity's annual financial report included the parent's separate financial statements in addition to consolidated financial statements, this Standard neither requires nor prohibits the inclusion of the parent's separate financial statements in the entity's interim financial report.
15. The amendment made by paragraph 14 removes the last sentence of paragraph Aus14.2 of AASB 134 which implied that the effect of amendments to the Corporations Act as a result of CLERP 9 "Corporate Disclosure" [section 303(2)] is that half-year financial statements are required for both the parent and consolidated group. Entities subject to section 303 are not required to include parent financial statements with their consolidated half-year financial statements.

## **Amendment to AASB 139**

16. In Appendix A, Application Guidance, of AASB 139, the following paragraph is added after paragraph AG76:
- AG76A. The subsequent measurement of the financial asset or financial liability and the subsequent recognition of gains and losses shall be consistent with the requirements of this Standard. The application of paragraph AG76 may result in no gain or loss being recognised on the initial recognition of a financial asset or financial liability. In such a case, AASB 139 requires that a gain or loss shall be recognised after initial recognition only to the extent that it arises from a change in a factor (including time) that market participants would consider in setting a price.
17. The amendment made by paragraph 16 arises from the consequential amendments contained in the *Amendments to IAS 39 Financial Instruments: Recognition and Measurement* issued by the IASB.

## **Amendment to AASB 141**

18. Paragraph 50 of AASB 141 is amended to read as follows:
- 50. An entity shall present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:**
- (a) **the gain or loss arising from changes in fair value less estimated point-of-sale costs;**
- (b) **.....;**
19. The amendment made by paragraph 18 removes the sentence “Comparative information is not required.” from paragraph 50 of AASB 141 *Agriculture*. The sentence was included in error. It was removed from IAS 41 *Agriculture* by the IASB as part of the IASB’s Improvements Project.