

Accounting Standard

AASB 2005-11
September 2005

Amendments to Australian Accounting Standards

**[AASB 101, AASB 112, AASB 132,
AASB 133, AASB 139 & AASB 141]**



Australian Government

**Australian Accounting
Standards Board**

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Australian Accounting Standard AASB 2005-11 *Amendments to Australian Accounting Standards* is set out in paragraphs 1 – 16. All the paragraphs have equal authority.

PREFACE

Standard Amended by AASB 2005-11

This Standard makes amendments to the following Australian Accounting Standards:

1. AASB 101 *Presentation of Financial Statements*;
2. AASB 112 *Income Taxes*;
3. AASB 132 *Financial Instruments: Presentation*;
4. AASB 133 *Earnings per Share*;
5. AASB 139 *Financial Instruments: Recognition and Measurement*; and
6. AASB 141 *Agriculture*.

These amendments primarily arise from editorial corrections made by the IASB to several International Financial Reporting Standards (IFRSs).

The ability of entities to claim compliance with IFRSs is not affected by the amendments made by this Standard.

Main Features of this Standard

Application Date

This Standard is applicable to annual reporting periods ending on or after 31 December 2005 with early adoption permitted for annual reporting periods that begin on or after 1 January 2005 and end before 31 December 2005.

Main Requirements

This Standard makes editorial corrections to AASB 101, AASB 112, AASB 132, AASB 133, AASB 139 and AASB 141.

ACCOUNTING STANDARD AASB 2005-11

The Australian Accounting Standards Board makes Accounting Standard AASB 2005-11 *Amendments to Australian Accounting Standards* under section 334 of the *Corporations Act 2001*.

Dated 8 September 2005

D.G. Boymal
Chair – AASB

ACCOUNTING STANDARD AASB 2005-11 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS*

Objective

1. The objective of this Standard is to make amendments to:
 - (a) AASB 101 *Presentation of Financial Statements*;
 - (b) AASB 112 *Income Taxes*;
 - (c) AASB 132 *Financial Instruments: Presentation*;
 - (d) AASB 133 *Earnings Per Share*;
 - (e) AASB 139 *Financial Instruments: Recognition and Measurement*; and
 - (f) AASB 141 *Agriculture*.

Application

2. In respect of AASB 101, this Standard applies to:
 - (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;**
 - (b) **general purpose financial reports of each reporting entity; and**
 - (c) **financial reports that are, or are held out to be, general purpose financial reports.**

3. **In respect of all the other Australian Accounting Standards listed in paragraph 1, 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.**
4. **This Standard applies to annual reporting periods ending on or after 31 December 2005.**
5. **This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 that end before 31 December 2005. An entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act may apply this Standard to such annual reporting periods when an election has been made in accordance with subsection 334(5) of the Corporations Act. When an entity applies this Standard to such an annual reporting period, it shall disclose that fact.**
6. This Standard will be registered on the Federal Register of Legislative Instruments, in accordance with the *Legislative Instruments Act 2003*.

Amendments to AASB 101

7. In the example at the end of paragraph 91, the fifth item “Employee benefits costs” is replaced by “Employee benefits expense”.
8. Paragraph 113 is amended to read as follows:
 113. An entity shall disclose, in the summary of significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 116), that management has made in the process of applying the entity’s accounting policies and that have the most significant effect on the amounts recognised in the financial report.

Amendment to AASB 112

9. Paragraph 15(b) is deleted, and paragraph 15(c) is renumbered as paragraph 15(b).

Amendments to AASB 132

10. The last sentence of paragraph 35 is amended to read as follows:
 35. ... Transaction costs of an equity transaction shall be accounted for as a deduction from equity, net of any related income tax benefit.
11. The last sentence of paragraph AG8 is amended to read as follows:

AG8. ... Some of these contingent rights and obligations may be insurance contracts within the scope of AASB 4 *Insurance Contracts*.
12. The first sentence of paragraph AG 40 is amended to read as follows:

AG40. If an entity designates a financial liability or a loan or receivable (or group of loans or receivables) as at fair value through profit or loss, it is required to disclose the amount of change in the fair value of the financial instrument that is attributable to changes in credit risk. ...

Amendment to AASB 133

13. Paragraphs 24 and 25 are amended to read as follows:
 24. Contingently issuable shares are treated as outstanding and are included in the calculation of basic earnings per share only from the date when all necessary conditions are satisfied (i.e. the events have occurred). Shares that are issuable solely after the passage of time are not contingently issuable shares, because the passage of time is a certainty. Outstanding ordinary shares that are contingently returnable (i.e. subject to recall) are not treated as outstanding and are excluded from the calculation of basic earnings per share until the date the shares are no longer subject to recall.
 25. [Deleted by the IASB]

Amendments to AASB 139

14. In the textbox that follows paragraph AG52, the fifth paragraph that introduces the first table is amended to read as follows:

The entity calculates the gain or loss on the sale of the 90 percent share of cash flows. Assuming that separate fair values

of the 90 per cent part transferred and the 10 per cent part retained are not available at the date of the transfer, the entity allocates the carrying amount of the asset in accordance with paragraph 28 as follows:

...

15. Paragraph AG66 is amended to read as follows:

AG66. If a financial instrument that was previously recognised as a financial asset is measured at fair value and its fair value falls below zero, it is a financial liability measured in accordance with paragraph 47.

Amendment to AASB 141

16. The paragraph under heading 'Objective' is amended to read as follows:

The objective of this Standard is to prescribe the accounting treatment and disclosures related to agricultural activity.