

Accounting Standard

AASB 2005-13

December 2005

Amendments to Australian Accounting Standards

[AAS 25]



Australian Government

**Australian Accounting
Standards Board**

Obtaining a Copy of this Accounting Standard

This Standard is available on the AASB website: www.aasb.com.au.
Alternatively, printed copies of this Standard are available for purchase by contacting:

The Customer Service Officer
Australian Accounting Standards Board
Level 4
530 Collins Street
Melbourne Victoria
AUSTRALIA

Postal address:
PO Box 204 Collins Street West
Victoria 8007
AUSTRALIA

Phone: (03) 9617 7637
Fax: (03) 9617 7608
E-mail: publications@aaasb.com.au
Website: www.aasb.com.au

Other Enquiries

Phone: (03) 9617 7600
Fax: (03) 9617 7608
E-mail: standard@aaasb.com.au

COPYRIGHT

© 2005 Commonwealth of Australia

This work is copyright. Reproduction in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgement of the source. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Australian Accounting Standards Board. Requests and enquiries concerning reproduction and rights for commercial purposes should be addressed to The Administration Director, Australian Accounting Standards Board, PO Box 204, Collins Street West, Victoria 8007.

ISSN 1036-4803

CONTENTS

PREFACE

ACCOUNTING STANDARD
AASB 2005-13 AMENDMENTS TO AUSTRALIAN ACCOUNTING
STANDARDS

	<i>Paragraphs</i>
Objective	1
Application	2 – 4
Amendments to AAS 25	5 – 12

Australian Accounting Standard AASB 2005-13 *Amendments to Australian Accounting Standards* is set out in paragraphs 1 – 12. All the paragraphs have equal authority.

PREFACE

Reasons for Issuing AASB 2005-13

This Standard makes amendments to Australian Accounting Standard AAS 25 *Financial Reporting by Superannuation Plans*.

AAS 25 was issued in August 1990 and revised in May 1992. AAS 25 requires superannuation plans to measure assets at net market values and immediately recognise changes in net market values as a component of revenue for the reporting period. These requirements override the requirements in other Accounting Standards in respect of recognising and measuring assets, including AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* in respect of financial assets. However, AAS 25 does not contain recognition and measurement requirements for financial liabilities held by superannuation plans, which include hedging instruments and derivatives. There is currently some uncertainty about the treatment to be used – whether the requirement to net market value assets should be applied to financial instruments that can change from debit balances to credit balances, or whether the AASB 132 and AASB 139 requirements apply when an instrument has a credit balance.

In the interests of removing uncertainty and of consistency, in November 2005, the AASB issued an Invitation to Comment proposing to amend AAS 25 to require that financial liabilities held by superannuation plans be measured at their net market values and any changes in these values be recognised in the profit or loss for the reporting period. All of the respondents to the Invitation to Comment supported the proposal.

In common with a number of the existing requirements in AAS 25, the amendments made by this Standard are not in accordance with International Financial Reporting Standards (IFRSs). Accordingly, financial reports prepared by superannuation plans under AAS 25 will not be in compliance with IFRSs.

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 requires that financial liabilities held by superannuation plans be measured at their net market values and any changes in these values be recognised in the profit or loss for the reporting period.

ACCOUNTING STANDARD AASB 2005-13

The Australian Accounting Standards Board makes Accounting Standard AASB 2005-13 *Amendments to Australian Accounting Standards*.

Dated 19 December 2005

D.G. Boymal
Chair – AASB

ACCOUNTING STANDARD AASB 2005-13

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS

Objective

1. The objective of this Standard is to make amendments to Australian Accounting Standard AAS 25 *Financial Reporting by Superannuation Plans*.

Application

2. **This Standard applies to:**
 - (a) **general purpose financial reports of each superannuation plan in the private or public sector that is a reporting entity; and**
 - (b) **financial reports that are, or held out to be, general purpose financial reports, for a superannuation plan that is not a reporting entity.**
3. **This Standard applies to annual reporting periods ending on or after 31 December 2005.**
4. **This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 that end before 31 December 2005.**

Amendments to AAS 25

5. Replace the heading that follows paragraph 48 with the following heading:

Measurement of Accrued Benefits and Financial Liabilities

6. Paragraph 49 is amended to read as follows:

49 Accrued benefits of a defined contribution plan shall be shown as an amount equivalent to the difference between the carrying amount of the assets and the sum of all other liabilities.

7. The following two paragraphs are added after paragraph 50:

50A Financial liabilities¹ of a defined contribution plan and a defined benefit plan shall be measured at net market values as at the reporting date.

50B For a defined contribution plan and a defined benefit plan, the change in net market values of the plan's financial liabilities since the beginning of the reporting period shall be included in the profit or loss for the reporting period.

8. Paragraph 51 is amended to read as follows:

51 The liability of a defined contribution plan for accrued benefits is to be shown as the difference between the carrying amount of plan assets and the sum of all other liabilities. All other liabilities may include income tax liabilities, financial liabilities including those liabilities arising from forfeited benefits, which have not been designated for the benefit of existing plan members as at the reporting date. Accrued benefits may encompass amounts which have been allocated to members' accounts at reporting date and amounts which have not yet been so allocated. This Standard therefore acknowledges that, at the reporting date, accrued benefits may encompass amounts allocated to individual members' accounts and the balances of income equalisation, or similar, accounts.

¹ Financial liabilities, including credit balances of hedging instruments and derivatives, are the financial liabilities that would otherwise be included within the scope of AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*. Some of the sundry liabilities, as referred to in paragraph 24 of this Standard, are financial liabilities.

9. Paragraph 57 is amended to read as follows:

57 The statement of financial position of a defined contribution plan shall disclose:

...

(d) **by way of note:**

...

(iii) ... ;

(iv) ... ; and

(v) **the method adopted in determining net market value for financial liabilities.**

10. Paragraph 58 is amended to read as follows:

58 The operating statement of a defined contribution plan shall disclose, by way of note or otherwise:

...

(d) **by way of note:**

...

(ii) ... ; and

(e) **changes in net market values of financial liabilities that have been recognised in the profit or loss for the reporting period.**

11. Paragraph 60 is amended to read as follows:

60 The statement of net assets of a defined benefit plan shall disclose:

...

(d) by way of note:

...

(iv) ... ;

(v) ... ; and

(vi) the method adopted in determining net market value for financial liabilities.

12. Paragraph 61 is amended to read as follows:

61 The statement of changes in net assets of a defined benefit plan shall disclose:

...

(k) by way of note:

...

(ii) ... ; and

(l) changes in net market values of financial liabilities.