Compiled AASB Standard **AASB 2011-8**

Amendments to Australian Accounting Standards arising from AASB 13

[AASB 1, 2, 3, 4, 5, 7, 9, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

This compiled Standard applies to annual reporting periods beginning on or after 1 January 2013. Early application is permitted. It incorporates relevant amendments made up to and including 10 September 2012.

Prepared on 16 November 2012 by the staff of the Australian Accounting Standards Board.

Australian Government

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Australian Accounting Standard AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (as amended) is set out in paragraphs 1 – 127 and the Appendix. All the paragraphs have equal authority.

COMPILATION DETAILS

Accounting Standard AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* as amended

This compiled Standard applies to annual reporting periods beginning on or after 1 January 2013. It takes into account amendments up to and including 10 September 2012 and was prepared on 16 November 2012 by the staff of the Australian Accounting Standards Board (AASB).

This compilation is not a separate Accounting Standard made by the AASB. Instead, it is a representation of AASB 2011-8 (September 2011) as amended by other Accounting Standards, which are listed in the Table below.

Table of Standards

Standard	**Date made**	**Application date *(annual reporting periods … on or after …)***	**Application, saving or transitional provisions**
AASB 2011-8	2 Sep 2011	*(beginning)* 1 Jan 2013	see (a) below
AASB 2011-10	5 Sep 2011	*(beginning)* 1 Jan 2013	see (b) below
AASB 2012-6	10 Sep 2012	*(beginning)* 1 Jan 2013	see (c) below

(a) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013, with certain exceptions.

(b) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013, provided that AASB 119 *Employee Benefits* (September 2011) is also applied to such periods.

(c) Entities may elect to apply this Standard to annual reporting periods ending on or after 31 December 2009 that begin before 1 January 2013, with certain exceptions.

Table of Amendments

Paragraph affected	**How affected**	**By … [paragraph]**
1	amended	AASB 2012-6 [39]
10	amended	AASB 2012-6 [40]
16	amended	AASB 2012-6 [42, 43]
25	amended	AASB 2012-6 [45]
25A	added	AASB 2012-6 [46]
26	amended	AASB 2012-6 [47]

Paragraph affected	How affected	By … [paragraph]
28-37	deleted	AASB 2012-6 [39]
52-53	amended	AASB 2011-10 [22]
57	amended	AASB 2012-6 [49]
84-86	amended	AASB 2012-6 [51]
86A	added	AASB 2012-6 [51]
108	amended	AASB 2012-6 [53]
123	amended	AASB 2012-6 [55]
A2	amended	AASB 2012-6 [41]
A3	deleted	AASB 2012-6 [39]
A5	deleted	AASB 2012-6 [44]
A7	deleted	AASB 2012-6 [44]
A8-A9	deleted	AASB 2012-6 [48]
A11	deleted	AASB 2012-6 [48]
A12-A25	deleted	AASB 2012-6 [39]
A28	deleted	AASB 2012-6 [50]
A29-A30	deleted	AASB 2012-6 [52]
A32	deleted	AASB 2012-6 [52]
A34	deleted	AASB 2012-6 [52]
A35	deleted	AASB 2012-6 [54]
A36	deleted	AASB 2012-6 [56]

ACCOUNTING STANDARD AASB 2011-8

The Australian Accounting Standards Board made Accounting Standard AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* under section 334 of the *Corporations Act 2001* on 2 September 2011.

This compiled version of AASB 2011-8 applies to annual reporting periods beginning on or after 1 January 2013. It incorporates relevant amendments contained in other AASB Standards made by the AASB up to and including 10 September 2012 (see Compilation Details).

ACCOUNTING STANDARD AASB 2011-8

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM AASB 13

Objective

1 The objective of this Standard is to make amendments to:

(a) AASB 1 *First-time Adoption of Australian Accounting Standards*;

(b) AASB 2 *Share-based Payment*;

(c) AASB 3 *Business Combinations*;

(d) AASB 4 *Insurance Contracts*;

(e) AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*;

(f) AASB 7 *Financial Instruments: Disclosures*;

(g)-(j) [Deleted]

(k) AASB 101 *Presentation of Financial Statements*;

(l) AASB 102 *Inventories*;

(m) AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*;

(n) AASB 110 *Events after the Reporting Period*;

(o) AASB 116 *Property, Plant and Equipment*;

(p) AASB 117 *Leases*;

(q) AASB 118 *Revenue*;

(r) AASB 119 *Employee Benefits*;

(s) AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*;

(t) AASB 121 *The Effects of Changes in Foreign Exchange Rates*;

(u) AASB 128 *Investments in Associates*;

(v) AASB 131 *Interests in Joint Ventures*;

(w) AASB 132 *Financial Instruments: Presentation*;

(x) AASB 133 *Earnings per Share*;

(y) AASB 134 *Interim Financial Reporting*;

(z) AASB 136 *Impairment of Assets*;

(aa) AASB 138 *Intangible Assets*;

(bb) AASB 139 *Financial Instruments: Recognition and Measurement*;

(cc) AASB 140 *Investment Property*;

(dd) AASB 141 *Agriculture*;

(ee) AASB 1004 *Contributions*;

(ff) AASB 1023 *General Insurance Contracts*;

(gg) AASB 1038 *Life Insurance Contracts*;

(hh) Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*;

(ii) Interpretation 4 *Determining whether an Arrangement contains a Lease*;

(jj) Interpretation 12 *Service Concession Arrangements*;

(kk) Interpretation 13 *Customer Loyalty Programmes*;

(ll) Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*;

(mm) Interpretation 17 *Distributions of Non-cash Assets to Owners*;

(nn) Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*;

(oo) Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*; and

(pp) Interpretation 132 *Intangible Assets – Web Site Costs*;

as a consequence of the issuance of AASB 13 *Fair Value Measurement* in September 2011.

Application

2 Subject to paragraphs 3–8, 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 statements of each other reporting entity; and

(c) financial statements that are, or are held out to be, general purpose financial statements.

3 In respect of AASB 101 and AASB 108, 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 statements of each reporting entity; and

(c) financial statements that are, or are held out to be, general purpose financial statements.

4 In respect of AASB 120, this Standard applies to:

(a) each for-profit 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 statements of each other for-profit reporting entity; and

(c) financial statements of a for-profit entity that are, or are held out to be, general purpose financial statements.

5 In respect of AASB 133, this Standard applies to each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is:

(a) a reporting entity whose ordinary shares or potential ordinary shares are publicly traded; or

(b) a reporting entity that is in the process of issuing ordinary shares or potential ordinary shares in public markets; or

(c) an entity that discloses earnings per share.

6 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 statements of each other reporting entity; and

(c) interim financial reports that are, or are held out to be, general purpose financial statements.

7 In respect of AASB 1004, this Standard applies to:

(a) each not-for-profit 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 statements of each other not-for-profit entity that is a reporting entity;

(c) financial statements of not-for-profit entities that are, or are held out to be, general purpose financial statements; and

(d) financial statements of General Government Sectors (GGSs) prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

8 In respect of AASB 1038, this Standard applies to each entity that is:

(a) a life insurer; or

(b) the parent in a group that includes a life insurer;

when the entity:

(c) is a reporting entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;

(d) is an other reporting entity and prepares general purpose financial statements; or

(e) prepares financial statements that are, or are held out to be, general purpose financial statements.

9 This Standard applies to annual reporting periods beginning on or after 1 January 2013.
[Note: For application dates of paragraphs changed or added by an amending Standard, see Compilation Details.]

10 This Standard shall be applied when AASB 13 is applied. This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013, except that the amendments to AASB 3 may be applied early only to annual reporting periods beginning on or after 30 June 2007 but before 1 January 2013. If an entity applies this Standard to an annual reporting period beginning on or after 1 January 2005 but before 1 January 2013, it shall disclose that fact and apply AASB 13 at the same time.

11 This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard or an Interpretation, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material.

Change in Definition

12 In AASB 1, AASB 3, AASB 4, AASB 5, AASB 9, AASB 1023 and AASB 1038, the definition of 'fair value' is replaced with:

***Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See AASB 13.)**

13 In AASB 102, AASB 116, AASB 118, AASB 119, AASB 120, AASB 121, AASB 132 and AASB 140, the definition of 'fair value' is replaced with:

***Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See AASB 13 *Fair Value Measurement*.)**

Amendments to AASB 1

14 Paragraph 19 is deleted.

15 Paragraph 39J is added as follows:

39J AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, deleted paragraph 19, amended the definition of fair value in Appendix A and amended paragraphs D15 and D20. An entity shall apply those amendments when it applies AASB 13 *Fair Value Measurement*.

16 Paragraphs D15 and D20 are amended as follows (new text is underlined and deleted text is struck through):

D15 If a first-time adopter measures such an investment at cost in accordance with AASB 127, it shall measure that investment at one of the following amounts in its separate opening Australian-Accounting-Standards statement of financial position:

(a) …

(b) deemed cost. The deemed cost of such an investment shall be its:

(i) fair value ~~(determined in accordance with AASB 139)~~ at the entity's date of transition to Australian Accounting Standards in its separate financial statements; or

(ii) …

D20 Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in ~~the last sentence~~ <u>paragraph AG76(a)</u> of AASB 139 ~~paragraph AG76 and in paragraph AG76A~~ prospectively to transactions entered into on or after the date of transition to Australian Accounting Standards.

Amendment to AASB 2

17 Paragraph 6A is added as follows:

6A This Standard uses the term 'fair value' in a way that differs in some respects from the definition of fair value in AASB 13 *Fair Value Measurement*. Therefore, when applying AASB 2 an entity measures fair value in accordance with this Standard, not AASB 13.

Amendments to AASB 3

18 Paragraphs 20, 29, 33 and 47 are amended as follows (new text is underlined and deleted text is struck through):

20 ~~Paragraphs B41–B45 provide guidance on measuring the fair value of particular identifiable assets and a non-controlling interest in an acquiree.~~ Paragraphs 24–31 specify the types of identifiable assets and liabilities that include items for which this Standard provides limited exceptions to the measurement principle.

29 The acquirer shall measure the value of a reacquired right recognised as an intangible asset on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals ~~in determining~~ <u>when measuring</u> its fair value. Paragraphs B35 and B36 provide related application guidance.

33 … To determine the amount of goodwill in a business combination in which no consideration is transferred, the acquirer shall use the acquisition-date fair value of the acquirer's

interest in the acquiree ~~determined using a valuation technique~~ in place of the acquisition-date fair value of the consideration transferred (paragraph 32(a)(i)). …

47 … For example, unless an intervening event that changed its fair value can be identified, the sale of an asset to a third party shortly after the acquisition date for an amount that differs significantly from its provisional fair value ~~determined~~ measured at that date is likely to indicate an error in the provisional amount.

19 Paragraph 64F is added as follows:

64F AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraphs 20, 29, 33, 47, amended the definition of fair value in Appendix A and amended paragraphs B22, B40, B43–B46, B49 and B64. An entity shall apply those amendments when it applies AASB 13 *Fair Value Measurement*.

20 In Appendix B, paragraphs B22 and B40, B43–B46, B49 and B64 are amended as follows (new text is underlined and deleted text is struck through):

B22 Because the consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the consolidated financial statements reflect:

(a) …

(d) the amount recognised as issued equity interests in the consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent (accounting acquiree) ~~determined in accordance with this Standard~~. However, …

(e) …

B40 The identifiability criteria determine whether an intangible asset is recognised separately from goodwill. However, the criteria neither provide guidance for measuring the fair value of an intangible asset nor restrict the assumptions used in ~~estimating~~ measuring the fair value of an intangible asset. For example, the acquirer would take into account the assumptions that market participants would ~~consider~~ use when pricing the intangible asset, such as expectations of future contract renewals, in measuring fair value. …

B43 ~~For~~ To protect its competitive position, or for other reasons, the acquirer may intend not to use an acquired non-financial asset actively, ~~for example, a research and development intangible asset,~~ or it may not intend to use the asset ~~in a way that is different from the way in which other market participants would use it~~ according to its highest and best use. For example, that might be the case for an acquired research and development intangible asset that the acquirer plans to use defensively by preventing others from using it. Nevertheless, the acquirer shall measure the fair value of the non-financial asset ~~at fair value determined in accordance with~~ assuming its highest and best use by ~~other~~ market participants in accordance with the appropriate valuation premise, both initially and when measuring fair value less costs of disposal for subsequent impairment testing.

B44 This Standard allows the acquirer to measure a non-controlling interest in the acquiree at its fair value at the acquisition date. Sometimes an acquirer will be able to measure the acquisition-date fair value of a non-controlling interest on the basis of a quoted price in an active market ~~prices~~ for the equity shares (i.e. those not held by the acquirer). In other situations, however, a quoted price in an active market ~~price~~ for the equity shares will not be available. In those situations, the acquirer would measure the fair value of the non-controlling interest using another valuation technique~~s~~.

B45 The fair values of the acquirer's interest in the acquiree and the non-controlling interest on a per-share basis might differ. The main difference is likely to be the inclusion of a control premium in the per-share fair value of the acquirer's interest in the acquiree or, conversely, the inclusion of a discount for lack of control (also referred to as a ~~minority~~ non-controlling interest discount) in the per-share fair value of the non-controlling interest if market participants would take into account such a premium or discount when pricing the non-controlling interest.

B46 In a business combination achieved without the transfer of consideration, the acquirer must substitute the acquisition-date fair value of its interest in the acquiree for the acquisition-date fair value of the consideration transferred to measure goodwill or a gain on a bargain purchase (see paragraphs 32–34). ~~The acquirer should measure the acquisition-date fair value of its interest in the acquiree using one or more valuation techniques~~

~~that are appropriate in the circumstances and for which sufficient data are available. If more than one valuation technique is used, the acquirer should evaluate the results of the techniques, considering the relevance and reliability of the inputs used and the extent of the available data.~~

B49 A fair value measurement of a mutual entity should include the assumptions that market participants would make about future member benefits as well as any other relevant assumptions market participants would make about the mutual entity. For example, ~~an estimated cash flow model~~ a present value technique may be used to ~~determine~~ measure the fair value of a mutual entity. The cash flows used as inputs to the model should be based on the expected cash flows of the mutual entity, which are likely to reflect reductions for member benefits, such as reduced fees charged for goods and services.

B64 To meet the objective in paragraph 59, the acquirer shall disclose the following information for each business combination that occurs during the reporting period:

(a) …

(f) the acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration, such as:

(i) …

(iv) equity interests of the acquirer, including the number of instruments or interests issued or issuable and the method of ~~determining~~ measuring the fair value of those instruments or interests.

(g) …

(o) for each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date:

(i) …

(ii) for each non-controlling interest in an acquiree measured at fair value, the valuation technique(s) and ~~key model~~ significant inputs used ~~for determining~~ to measure that value.

(p) …

Amendment to AASB 4

21 Paragraph 41E is added as follows:

41E AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in Appendix A. An entity shall apply that amendment when it applies AASB 13 *Fair Value Measurement*.

Amendment to AASB 5

22 Paragraph 44H is added as follows:

44H AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in Appendix A. An entity shall apply that amendment when it applies AASB 13 *Fair Value Measurement*.

Amendments to AASB 7

23 Paragraph 3 is amended as follows (new text is underlined):

3 This Standard shall be applied by all entities to all types of financial instruments, except:

(a) … in those cases, entities shall apply the requirements of this Standard <u>and, for those interests measured at fair value, the requirements of AASB 13 *Fair Value Measurement*</u>. …

(b) …

24 Paragraphs 27–27B are deleted.

25 Paragraph 28 is amended as follows (new text is underlined and deleted text is struck through):

28 ~~If the market for a financial instrument is not active, an entity establishes its fair value using a valuation technique (see paragraphs AG74–AG79 of AASB 139). Nevertheless, the best evidence of fair value at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), unless conditions described in paragraph AG76 of AASB 139 are met. It follows that there could be a difference between the~~

~~fair value at initial recognition and the amount that would be determined at that date using the valuation technique. If such a difference exists, an entity shall disclose, by class of financial instrument:~~ In some cases, an entity does not recognise a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) nor based on a valuation technique that uses only data from observable markets (see paragraph AG76 of AASB 139). In such cases, the entity shall disclose by class of financial asset or financial liability:

(a) its accounting policy for recognising in profit or loss the ~~that~~ difference between the fair value at initial recognition and the transaction price ~~in profit or loss~~ to reflect a change in factors (including time) that market participants would ~~consider in setting a price~~ take into account when pricing the asset or liability (see paragraph ~~AG76A~~ AG76(b) of AASB 139). ~~; and~~

(b) …

(c) why the entity concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value.

25A Paragraph 29 is amended as follows (new text is underlined and deleted text is struck through):

29 Disclosures of fair value are not required:

(a) …

(b) for an investment in equity instruments that do not have a quoted ~~market~~ price in an active market for an identical instrument (i.e. a Level 1 input), or derivatives linked to such equity instruments, that is measured at cost in accordance with AASB 139 because its fair value cannot otherwise be measured reliably; or

(c) …

26 Paragraph 44P is added as follows:

44P AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraphs 3, 28 and 29 and Appendix A and deleted paragraphs 27–27B. An entity shall apply those amendments when it applies AASB 13.

27 In Appendix A, the definition of 'other price risk' is amended as follows (new text is underlined and deleted text is struck through):

other price risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from **interest rate risk** or **currency risk**), whether those changes are caused by factors specific to the individual financial instrument or its issuer~~,~~ or by factors affecting all similar financial instruments traded in the market.

Amendments to AASB 9 (December 2010)

28-37 [Deleted]

Amendments to AASB 101

38 Paragraphs 128 and 133 are amended as follows (new text is underlined and deleted text is struck through):

128 The disclosures in paragraph 125 are not required for assets and liabilities with a significant risk that their carrying amounts might change materially within the next financial year if, at the end of the reporting period, they are measured at fair value based on ~~recently observed market prices~~ a quoted price in an active market for an identical asset or liability. Such fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting period.

133 Other Australian Accounting Standards require the disclosure of some of the assumptions that would otherwise be required in accordance with paragraph 125. For example, AASB 137 requires disclosure, in specified circumstances, of major assumptions concerning future events affecting classes of provisions. ~~AASB 7~~ AASB 13 *Fair Value Measurement* requires disclosure of significant assumptions (including the valuation technique(s) and inputs) the entity uses when measuring ~~in estimating~~ the fair values of ~~financial~~ assets and ~~financial~~ liabilities that are carried at fair value. ~~AASB 116 requires disclosure of significant assumptions that the entity uses in~~

~~estimating the fair values of revalued items of property, plant and equipment.~~

39 Paragraph 139I is added as follows:

139I AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraphs 128 and 133. An entity shall apply those amendments when it applies AASB 13.

Amendments to AASB 102

40 Paragraph 7 is amended as follows (new text is underlined and deleted text is struck through):

7 Net realisable value refers to the net amount that an entity expects to realise from the sale of inventory in the ordinary course of business. ~~Fair value reflects the amount for which the same inventory could be exchanged between knowledgeable and willing buyers and sellers in the marketplace.~~ <u>Fair value reflects the price at which an orderly transaction to sell the same inventory in the principal (or most advantageous) market for that inventory would take place between market participants at the measurement date.</u> The former is an entity-specific value; the latter is not. Net realisable value for inventories may not equal fair value less costs to sell.

41 Paragraph 40C is added as follows:

40C AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in paragraph 6 and amended paragraph 7. An entity shall apply those amendments when it applies AASB 13.

Amendments to AASB 108

42 Paragraph 52 is amended as follows (new text is underlined and deleted text is struck through):

52 Therefore, retrospectively applying a new accounting policy or correcting a prior period error requires distinguishing information that:

(a) provides evidence of circumstances that existed on the date(s) as at which the transaction, other event or condition occurred; and

(b) would have been available when the financial statements for that prior period were authorised for issue;

from other information. For some types of estimates (e.g. ~~an estimate of~~ a fair value measurement that uses significant unobservable ~~not based on an observable price or observable~~ inputs), it is impracticable to distinguish these types of information. When retrospective application or retrospective restatement would require making a significant estimate for which it is impossible to distinguish these two types of information, it is impracticable to apply the new accounting policy or correct the prior period error retrospectively.

43 Paragraph 54C is added as follows:

54C AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraph 52. An entity shall apply that amendment when it applies AASB 13 *Fair Value Measurement*.

Amendments to AASB 110

44 In paragraph 11, 'market value' is amended to 'fair value'.

45 Paragraph 23A is added as follows:

23A AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraph 11. An entity shall apply that amendment when it applies AASB 13 *Fair Value Measurement*.

Amendments to AASB 116

46 Paragraph 26 is amended as follows (new text is underlined and deleted text is struck through):

26 The fair value of an asset ~~for which comparable market transactions do not exist~~ is reliably measurable if (a) the variability in the range of reasonable fair value ~~estimates~~ measurements is not significant for that asset or (b) the probabilities of the various estimates within the range can be reasonably assessed and used ~~in estimating~~ when measuring fair

value. If an entity is able to ~~determine~~ <u>measure</u> reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure the cost of the asset received unless the fair value of the asset received is more clearly evident.

47 Paragraphs 32 and 33 are deleted.

48 Paragraphs 35 and 77 are amended as follows (new text is underlined and deleted text is struck through):

35 When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

(a) restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to determine its ~~depreciated~~ replacement cost <u>(see AASB 13)</u>; or

(b) …

77 If items of property, plant and equipment are stated at revalued amounts, the following shall be disclosed <u>in addition to the disclosures required by AASB 13</u>:

(a) …

(c) <u>[deleted by the IASB]</u> ~~**the methods and significant assumptions applied in estimating the items' fair values;**~~

(d) <u>[deleted by the IASB]</u> ~~**the extent to which the items' fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques;**~~

(e) …

49 Paragraph 81F is added as follows:

81F AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in paragraph 6, amended paragraphs 26, 35 and 77 and deleted paragraphs 32 and 33. An entity shall apply those amendments when it applies AASB 13.

Amendment to AASB 117

50 Paragraph 6A is added as follows:

> 6A AASB 117 uses the term ‘fair value’ in a way that differs in some respects from the definition of fair value in AASB 13 *Fair Value Measurement*. Therefore, when applying AASB 117 an entity measures fair value in accordance with AASB 117, not AASB 13.

Amendment to AASB 118

51 Paragraph 42 is added as follows:

> 42 AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in paragraph 7. An entity shall apply that amendment when it applies AASB 13.

Amendments to AASB 119

52 Paragraph 113 is amended as follows (new text is underlined and deleted text is struck through):

> 113 The fair value of any plan assets is deducted in determining the deficit or surplus.~~ When no market price is available, the fair value of plan assets is estimated; for example, by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligation).~~

53 Paragraph 174 is added as follows:

> 174 AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in paragraph 8 and amended paragraph 113. An entity shall apply those amendments when it applies AASB 13.

Amendment to AASB 120

54 Paragraph 45 is added as follows:

45 AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in paragraph 3. An entity shall apply that amendment when it applies AASB 13.

Amendments to AASB 121

55 Paragraph 23(c) is amended as follows (new text is underlined and deleted text is struck through):

23 …

(c) non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was ~~determined~~ <u>measured</u>.

56 Paragraph 60G is added as follows:

60G AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in paragraph 8 and amended paragraph 23. An entity shall apply those amendments when it applies AASB 13.

Amendments to AASB 132

57 Paragraph 23 is amended as follows (new text is underlined and deleted text is struck through):

23 … One example is an entity's obligation under a forward contract to purchase its own equity instruments for cash. ~~When the~~ <u>The</u> financial liability is recognised initially <u>at</u> ~~under AASB 139, its fair value (~~the present value of the redemption amount~~)~~<u>, and</u> is reclassified from equity. …

58 Paragraph 97J is added as follows:

97J AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in paragraph 11 and amended paragraphs 23 and AG31. An entity shall apply those amendments when it applies AASB 13.

59 In the Application Guidance, paragraph AG31 is amended as follows (deleted text is struck through):

AG31 A common form of compound financial instrument is a debt instrument with an embedded conversion option, such as a bond convertible into ordinary shares of the issuer, and without any other embedded derivative features. Paragraph 28 requires the issuer of such a financial instrument to present the liability component and the equity component … as follows:

(a) …

(b) The equity instrument is an embedded option to convert the liability into equity of the issuer. ~~The fair value of the option comprises its time value and its intrinsic value, if any.~~ This option has value on initial recognition even when it is out of the money.

Amendments to AASB 133

60 Paragraphs 8 and 47A are amended as follows (new text is underlined and deleted text is struck through):

8 Terms defined in AASB 132 *Financial Instruments: Presentation* are used in this Standard with the meanings specified in paragraph 11 of AASB 132, unless otherwise noted. AASB 132 defines financial instrument, financial asset, financial liability~~,~~ <u>and</u> equity instrument ~~and fair value~~, and provides guidance on applying those definitions. <u>AASB 13 *Fair Value Measurement* defines fair value and sets out requirements for applying that definition.</u>

47A For share options and other share-based payment arrangements to which AASB 2 *Share-based Payment* applies, the issue price referred to in paragraph 46 and the exercise price referred to in paragraph 47 shall include the fair value <u>(measured in accordance with AASB 2)</u> of any goods or services to be supplied to the entity in the future under the share option or other share-based payment arrangement.

61 Paragraph 74C is added as follows:

> 74C AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraphs 8, 47A and A2. An entity shall apply those amendments when it applies AASB 13.

62 In Appendix A, paragraph A2 is amended as follows (new text is underlined and deleted text is struck through):

> A2 The issue of ordinary shares at the time of exercise or conversion of potential ordinary shares does not usually give rise to a bonus element. This is because the potential ordinary shares are usually issued for ~~full~~ fair value, resulting in a proportionate change in the resources available to the entity. In a rights issue, however, the exercise price is often less than the fair value of the shares. … The theoretical ex-rights fair value per share is calculated by adding the aggregate ~~market~~ fair value of the shares immediately before the exercise of the rights to the proceeds from the exercise of the rights, and dividing by the number of shares outstanding after the exercise of the rights. Where the rights are to be publicly traded separately from the shares before the exercise date, fair value ~~for the purposes of this calculation~~ is ~~established~~ measured at the close of the last day on which the shares are traded together with the rights.

Amendments to AASB 134

63 Paragraph 16A is amended as follows (new text is underlined and deleted text is struck through):

> **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, if not disclosed elsewhere in the interim financial report. The information shall normally be reported on an annual reporting period-to-date basis.**
>
> **(a) …**
>
> **(h) events after the interim period that have not been reflected in the financial statements for the interim period; ~~and~~**

(i) **the effect of changes in the composition of the entity … disclose the information required by AASB 3 *Business Combinations*~~.~~; and**

(j) **for financial instruments, the disclosures about fair value required by paragraphs 91–93(h), 94–96, 98 and 99 of AASB 13 *Fair Value Measurement* and paragraphs 25, 26 and 28–30 of AASB 7 *Financial Instruments: Disclosures*.**

64 The heading 'Effective Date of IAS 34' before paragraph 46 is amended to 'Effective Date'.

65 Paragraph 50 is added as follows:

50 AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, added paragraph 16A(j) and amended paragraphs C4 and C7 in the illustrative examples. An entity shall apply those amendments when it applies AASB 13.

66 In the Illustrative Examples accompanying AASB 134, paragraphs C4 and C7 are amended as follows (new text is underlined and deleted text is struck through):

C4 **Pensions:** AASB 119 *Employee Benefits* requires ~~that~~ an entity to determine the present value of defined benefit obligations and the ~~market~~ fair value of plan assets at …

C7 **Revaluations and fair value accounting:** AASB 116 *Property, Plant and Equipment* allows an entity to choose as its accounting policy the revaluation model whereby items of property, plant and equipment are revalued to fair value. Similarly, AASB 140 *Investment Property* requires an entity to ~~determine~~ measure the fair value of investment property. …

Amendments to AASB 136

67 In AASB 136 and the accompanying Illustrative Examples, all references to 'fair value less costs to sell' are replaced with 'fair value less costs of disposal', except in relation to AASB 141.

68 Paragraph 5 is amended as follows (new text is underlined and deleted text is struck through):

5 This Standard does not apply to … investment property measured at fair value ~~in accordance with~~ <u>within the scope of</u> AASB 140, or biological assets related to agricultural activity measured at fair value … ~~in accordance with~~ <u>within the scope of</u> AASB 141. However, this Standard applies to assets that are carried at revalued amount (i.e. fair value <u>at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses</u>) in accordance with other Australian Accounting Standards, such as the revaluation model<u>s</u> in AASB 116 *Property, Plant and Equipment* <u>and AASB 138 *Intangible Assets*</u>. <u>The only difference between an asset's fair value and its fair value less costs of disposal is the direct incremental costs attributable to the disposal of the asset.</u> ~~Identifying whether a revalued asset may be impaired depends on the basis used to determine fair value:~~

(a) ~~if the asset's fair value is its market value, the only difference between the asset's fair value and its fair value less costs to sell is the direct incremental costs to dispose of the asset:~~

~~(i)~~ ~~if~~ <u>If</u> the disposal costs are negligible, the recoverable amount of the revalued asset is necessarily close to, or greater than, its revalued amount ~~(i.e. fair value)~~. In this case, after the revaluation requirements have been applied, it is unlikely that the revalued asset is impaired and recoverable amount need not be estimated~~;~~<u>.</u>

~~(ii)~~ ~~if the disposal costs are not negligible, the fair value less costs to sell of the revalued asset is necessarily less than its fair value. Therefore, the revalued asset will be impaired if its *value in use* is less than its revalued amount (i.e. fair value). In this case, after the revaluation requirements have been applied, an entity applies this Standard to determine whether the asset may be impaired; and~~

(b) <u>[deleted by the IASB]</u> ~~if the asset's fair value is determined on a basis other than its market value, its revalued amount (i.e. fair value) may be greater or lower than its recoverable amount. Hence, after the revaluation requirements have been applied, an entity applies this Standard to determine whether the asset may be impaired.~~

(c) If the disposal costs are not negligible, the fair value less costs of disposal of the revalued asset is necessarily less than its fair value. Therefore, the revalued asset will be impaired if its *value in use* is less than its revalued amount. In this case, after the revaluation requirements have been applied, an entity applies this Standard to determine whether the asset may be impaired.

69 Paragraph 6 is amended (new text is underlined and deleted text is struck through) as follows (as a consequence of the amendment to the definition of fair value less costs to sell, all references to 'fair value less costs to sell' in AASB 136 are replaced with 'fair value less costs of disposal'):

6 The following terms are used in this Standard with the meanings specified.

~~**An *active market* is a market in which all the following conditions exist:**~~

~~**(a) the items traded within the market are homogeneous;**~~

~~**(b) willing buyers and sellers can normally be found at any time; and**~~

~~**(c) prices are available to the public.**~~

…

Fair value ~~***less costs to sell*** **is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal**~~ **is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See AASB 13 *Fair Value Measurement*.)**

70 Paragraphs 12, 20 and 22 are amended as follows (new text is underlined and deleted text is struck through):

12 In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

(a) **~~during the period,~~ <u>there are observable indications that the</u> ~~an~~ asset's ~~market~~ value has declined <u>during the period</u> significantly more than would be expected as a result of the passage of time or normal use;**

(b) **…**

20 It may be possible to ~~determine~~ <u>measure</u> fair value less costs ~~to sell~~ <u>of disposal</u>, even if <u>there is not a quoted price in an active market for</u> an <u>identical</u> asset ~~is not traded in an *active market*~~. However, sometimes it will not be possible to ~~determine~~ <u>measure</u> fair value less costs ~~to sell~~ <u>of disposal</u> because there is no basis for making a reliable estimate of the ~~amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties~~ <u>price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions</u>. In this case, the entity may use the asset's value in use as its recoverable amount.

22 Recoverable amount is determined for an individual asset … unless either:

(a) …

(b) the asset's value in use can be estimated to be close to its fair value less costs ~~to sell~~ <u>of disposal</u> and fair value less costs ~~to sell~~ <u>of disposal</u> can be ~~determined~~ <u>measured</u>.

71 Paragraphs 25–27 are deleted.

72 Paragraph 28 is amended as follows (new text is underlined and deleted text is struck through):

28 Costs of disposal, other than those that have been recognised as liabilities, are deducted in ~~determining~~ <u>measuring</u> fair value less costs ~~to sell~~ <u>of disposal</u>. Examples …

73 Paragraph 53A is added as follows:

53A Fair value differs from value in use. Fair value reflects the assumptions market participants would use when pricing the asset. In contrast, value in use reflects the effects of factors that may be specific to the entity and not applicable to entities in general. For example, fair value does not reflect any of the following factors to the extent that they would not be generally available to market participants:

(a) additional value derived from the grouping of assets (such as the creation of a portfolio of investment properties in different locations);

(b) synergies between the asset being measured and other assets;

(c) legal rights or legal restrictions that are specific only to the current owner of the asset; and

(d) tax benefits or tax burdens that are specific to the current owner of the asset.

74 Paragraphs 78, 105, 111, 130 and 134 are amended as follows (new text is underlined and deleted text is struck through):

78 It may be necessary to consider some recognised liabilities to determine the recoverable amount of a cash-generating unit. This may occur if the disposal of a cash-generating unit would require the buyer to assume the liability. In this case, the fair value less costs ~~to sell~~ of disposal (or the estimated cash flow from ultimate disposal) of the cash-generating unit is the ~~estimated selling~~ price to sell ~~for~~ the assets of the cash-generating unit and the liability together, less the costs of disposal. To perform a meaningful comparison between the carrying amount of the cash-generating unit and its recoverable amount, the carrying amount of the liability is deducted in determining both the cash-generating unit's value in use and its carrying amount.

105 In allocating an impairment loss in accordance with paragraph 104, an entity shall not reduce the carrying amount of an asset below the highest of:

(a) its fair value less costs ~~to sell~~ of disposal (if ~~determinable~~ measurable);

(b) …

111 In assessing whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased, an entity shall consider, as a minimum, the following indications:

External sources of information

(a) <u>there are observable indications that</u> the asset's ~~market~~ value has increased significantly during the period;

(b) …

130 An entity shall disclose the following for each material impairment loss recognised or reversed during the period for an individual asset, including goodwill, or a cash-generating unit:

(a) …

(f) if recoverable amount is fair value less costs ~~to sell~~ <u>of disposal</u>, the basis used to ~~determine~~ <u>measure</u> fair value less costs ~~to sell~~ <u>of disposal</u> (such as whether fair value was ~~determined~~ <u>measured</u> by reference to <u>a quoted price in</u> an active market <u>for an identical asset). An entity is not required to provide the disclosures required by AASB 13</u>; and

(g) …

134 An entity shall disclose the information required by (a)–(f) for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:

(a) …

(c) <u>the recoverable amount of the unit (or group of units) and</u> the basis on which the unit's (group of units') recoverable amount has been determined (i.e. value in use or fair value less costs ~~to sell~~ <u>of disposal</u>);

(d) if the unit's (group of units') recoverable amount is based on value in use:

(i) ~~a description of~~ each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to

which the unit's (group of units') recoverable amount is most sensitive;

(ii) …

(e) if the unit's (group of units') recoverable amount is based on fair value less costs ~~to sell~~ of disposal, the ~~methodology~~ valuation technique(s) used to ~~determine~~ measure fair value less costs ~~to sell~~ of disposal. An entity is not required to provide the disclosures required by AASB 13. If fair value less costs ~~to sell~~ of disposal is not ~~determined~~ measured using ~~an observable market~~ a quoted price for ~~the~~ an identical unit (group of units), an entity shall disclose the following information ~~shall also be disclosed~~:

(i) ~~a description of~~ each key assumption on which management has based its determination of fair value less costs ~~to sell~~ of disposal. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.

(ii) …

(iiA) the level of the fair value hierarchy (see AASB 13) within which the fair value measurement is categorised in its entirety (without giving regard to the observability of 'costs of disposal').

(iiB) if there has been a change in valuation technique, the change and the reason(s) for making it.

If fair value less costs ~~to sell~~ of disposal is ~~determined~~ measured using discounted cash flow projections, an entity shall disclose the following information ~~shall also be disclosed~~:

(iii) the period over which management has projected cash flows;

(iv) the growth rate used to extrapolate cash flow projections;

(v) the discount rate(s) applied to the cash flow projections;

(f) **…**

75 Paragraph 140I is added as follows:

140I AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraphs 5, 6, 12, 20, 22, 28, 78, 105, 111, 130 and 134, deleted paragraphs 25–27 and added paragraph 53A. An entity shall apply those amendments when it applies AASB 13.

Amendments to AASB 138

76 Paragraph 8 is amended as follows (new text is underlined and deleted text is struck through):

8 The following terms are used in this Standard with the meanings specified.

~~**An *active market* is a market in which all the following conditions exist:**~~

~~**(a) the items traded in the market are homogeneous;**~~

~~**(b) willing buyers and sellers can normally be found at any time; and**~~

~~**(c) prices are available to the public.**~~

…

Fair value ~~***of an asset*** **is the amount for which that asset could be exchanged between knowledgeable, willing parties in an arm's length transaction**~~ **<u>is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date</u>. <u>(See AASB 13 *Fair Value Measurement*.)</u>**

77 Paragraph 33 is amended as follows (new text is underlined):

33 In accordance with AASB 3 *Business Combinations* (as revised in March 2008), if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The fair value of an intangible asset will reflect <u>market participants'</u> expectations <u>at the acquisition date</u>

about the probability that the expected future economic benefits embodied in the asset will flow to the entity. …

78 The heading above paragraph 35 is amended as follows (deleted text is struck through):

~~Measuring the Fair Value of an~~ Intangible Asset Acquired in a Business Combination

79 Paragraphs 39–41 are deleted.

80 Paragraphs 47, 50, 75, 78, 82, 84 and 100 are amended as follows (new text is underlined and deleted text is struck through):

47 Paragraph 21(b) specifies that a condition for the recognition of an intangible asset is that the cost of the asset can be measured reliably. The fair value of an intangible asset ~~for which comparable market transactions do not exist~~ is reliably measurable if (a) the variability in the range of reasonable fair value ~~estimates~~ <u>measurements</u> is not significant for that asset or (b) the probabilities of the various estimates within the range can be reasonably assessed and used ~~in estimating~~ <u>when measuring</u> fair value. If an entity is able to ~~determine~~ <u>measure</u> reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure cost unless the fair value of the asset received is more clearly evident.

50 Differences between the ~~market~~ <u>fair</u> value of an entity and the carrying amount of its identifiable net assets at any time may capture a range of factors that affect the <u>fair</u> value of the entity. However, such differences do not represent the cost of intangible assets controlled by the entity.

75 … For the purpose of revaluations under this Standard, fair value shall be ~~determined~~ <u>measured</u> by reference to an active market. …

78 It is uncommon for an active market ~~with the characteristics described in paragraph 8~~ to exist for an intangible asset, although this may happen. …

82 If the fair value of a revalued intangible asset can no longer be ~~determined~~ <u>measured</u> by reference to an active market, the carrying amount of the asset shall be its revalued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

84 If the fair value of the asset can be ~~determined~~ <u>measured</u> by reference to an active market at a subsequent measurement date, the revaluation model is applied from that date.

100 The *residual value* of an intangible asset with a finite useful life shall be assumed to be zero unless:

(a) …

(b) there is an active market <u>(as defined in AASB 13)</u> for the asset and:

(i) ...

81 Paragraph 124 is amended as follows (new text is underlined and deleted text is struck through):

124 If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:

(a) by class of intangible assets:

(i) …

(iii) the carrying amount … paragraph 74; <u>and</u>

(b) the amount of … shareholders~~; and~~ <u>.</u>

(c) <u>[deleted by the IASB]</u> **~~the methods and significant assumptions applied in estimating the assets' fair values.~~**

82 Paragraph 130E is deleted.

83 Paragraph 130G is added as follows:

130G AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraphs 8, 33, 47, 50, 75, 78, 82, 84, 100 and 124 and deleted paragraphs 39–41 and 130E. An entity shall apply those amendments when it applies AASB 13.

Amendments to AASB 139

84 Paragraph 9 is amended (new text is underlined and deleted text is struck through) as follows:

9 The following terms are used in this Standard with the meanings specified.

…

It should be noted that <u>AASB 13 *Fair Value Measurement*</u> ~~paragraphs 48, 48A, 49 and Appendix A paragraphs AG69–AG82, which~~ set<u>s</u> out <u>the</u> requirements for ~~determining a reliable measure of~~ <u>measuring</u> the fair value of a financial asset or financial liability, ~~apply equally to all items that are measured at fair value,~~ whether by designation or otherwise, or whose fair value is disclosed.

…

85 Paragraphs 9, 13, 28, 47, 88, AG52, AG76, AG76A, AG80, AG81 and AG96 are amended (new text is underlined and deleted text is struck through), paragraphs 43A and 103Q are added, and paragraphs 48–49, AG69–AG75, AG77–AG79 and AG82 and their related headings are deleted as follows:

9 The following terms are used in this Standard with the meanings specified.

…

***Fair value* is the ~~amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.~~~~[1]~~ <u>price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See AASB 13.)</u>**

…

The footnote to the definition of fair value is deleted.

13 If an entity is unable to ~~determine~~ <u>measure</u> reliably the fair value of an embedded derivative on the basis of its terms and conditions (… because the embedded derivative is based on an

~~unquoted~~ equity instrument that does not have a quoted price in an active market for an identical instrument, i.e. a Level 1 input), the fair value of the embedded derivative is the difference between the fair value of … and the fair value of the host contract~~, if those can be determined under this Standard~~. If the entity is unable to ~~determine~~ measure the fair value of the embedded derivative using this method, paragraph 12 applies …

28 **When an entity allocates the previous carrying amount of a larger financial asset between the part that continues to be recognised and the part that is derecognised, the fair value of the part that continues to be recognised needs to be ~~determined~~ measured. …**

43A **However, if the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, an entity shall apply paragraph AG76.**

47 **After initial recognition, an entity shall measure all financial liabilities at amortised cost using the effective interest method, except for:**

(a) financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be measured at fair value except for a derivative liability that is linked to and must be settled by delivery of an ~~unquoted~~ equity instrument that does not have a quoted price in an active market for an identical instrument (i.e. a Level 1 input) whose fair value cannot otherwise be reliably measured, which shall be measured at cost;

(b) …

88 **A hedging relationship qualifies for hedge accounting under paragraphs 89–102 if, and only if, all ~~of~~ the following conditions are met.**

(a) …

(d) The effectiveness of the hedge can be reliably measured, that is, the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured ~~(see paragraphs 46 and 47 and Appendix A paragraphs AG80 and AG81 for guidance on determining fair value~~).

(e) **…**

103Q AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraphs 9, 13, 28, 47, 88, AG46, AG52, AG64, AG76, AG76A, AG80, AG81 and AG96, added paragraph 43A, and deleted paragraphs 48–49, AG69–AG75, AG77–AG79, and AG82 and their related headings. An entity shall apply those amendments when it applies AASB 13.

AG52 This paragraph illustrates the application of the continuing involvement approach when the entity's continuing involvement is in a part of a financial asset.

Assume an entity has a portfolio of prepayable loans … The fair value of the loans at the date of the transaction is CU10,100 and the ~~estimated~~ fair value of the excess spread of 0.5% is CU40.

…

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

	~~Estimated~~ Fair Value	**Percentage**	**Allocated Carrying Amount**
Portion Transferred	9,090	90%	9,000
Portion Retained	1,010	10%	1,000
Total	**10,100**		**10,000**

…

AG76 ~~Therefore, a valuation technique (a) incorporates all factors that market participants would consider in setting a price and (b) is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument~~

~~(i.e. without modification or repackaging) or based on any available observable market data. An entity obtains market data consistently in the same market where the instrument was originated or purchased.~~ The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received, see also AASB 13). If an entity determines that the fair value at initial recognition differs from the transaction price as mentioned in paragraph 43A, the entity shall account for ~~unless the fair value of~~ that instrument at that date as follows:

(a) at the measurement required by paragraph 43 if that fair value is evidenced by ~~comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging)~~ a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique ~~whose variables include~~ that uses only data from observable markets. An entity shall recognise the difference between the fair value at initial recognition and the transaction price as a gain or loss.

(b) in all other cases, at the measurement required by paragraph 43, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the entity shall recognise that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

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.~~

AG80 The fair value of investments in equity instruments that do not have a quoted ~~market~~ price in an active market for an identical instrument (i.e. a Level 1 input) and derivatives that are linked to and must be settled by delivery of such an ~~unquoted~~ equity instrument (see paragraphs 46(c) and 47) is reliably measurable if (a) the variability in the range of reasonable fair value

~~estimates~~ measurements is not significant for that instrument or (b) the probabilities of the various estimates within the range can be reasonably assessed and used ~~in estimating~~ when measuring fair value.

AG81 There are many situations in which the variability in the range of reasonable fair value ~~estimates~~ measurements of investments in equity instruments that do not have a quoted ~~market~~ price in an active market for an identical instrument (i.e. a Level 1 input) and derivatives that are linked to and must be settled by delivery of such an ~~unquoted~~ equity instrument (see paragraphs 46(c) and 47) is likely not to be significant. Normally it is possible to ~~estimate~~ measure the fair value of a financial asset that an entity has acquired from an outside party. However, if the range of reasonable fair value ~~estimates~~ measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity is precluded from measuring the instrument at fair value.

AG96 An investment in an ~~unquoted~~ equity instrument that does not have a quoted price in an active market for an identical instrument (i.e. a Level 1 input) is not carried at fair value because its fair value cannot otherwise be reliably measured or a derivative that is linked to and must be settled by delivery of such an ~~unquoted~~ equity instrument (see paragraphs 46(c) and 47) cannot be designated as a hedging instrument.

86 Paragraph AG46 is amended (new text is underlined and deleted text is struck through) as follows:

AG46 ~~In estimating~~ When measuring the fair values of the part that continues to be recognised and the part that is derecognised for the purposes of applying paragraph 27, an entity applies the fair value measurement requirements in AASB 13 ~~paragraphs 48–49 and AG68–AG82~~ in addition to paragraph 28.

86A Paragraph AG64 is amended (new text is underlined and deleted text is struck through) as follows:

AG64 The fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received, see also AASB 13 and paragraph AG76). However, if part of the consideration given or received is for something other than the financial instrument, an entity shall measure the fair value of the financial instrument ~~is estimated, using a valuation technique (see paragraphs AG74–AG79)~~. For example, the fair value of a long-term loan or receivable that carries no interest can be ~~estimated~~ measured as the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument …

Amendments to AASB 140

87 Paragraphs 26, 29 and 32 are amended as follows (new text is underlined and deleted text is struck through):

26 … Guidance on ~~determining~~ measuring the fair value of a property interest is set out for the fair value model in paragraphs ~~33–52~~ 33–35, 40, 41, 48, 50 and 52 and in AASB 13. That guidance is also relevant to the ~~determination~~ measurement of fair value when that value is used as cost for initial recognition purposes.

29 The fair value of an asset ~~for which comparable market transactions do not exist~~ is reliably measurable if (a) the variability in the range of reasonable fair value ~~estimates~~ measurements is not significant for that asset or (b) the probabilities of the various estimates within the range can be reasonably assessed and used ~~in estimating~~ when measuring fair value. If the entity is able to ~~determine~~ measure reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure cost unless the fair value of the asset received is more clearly evident.

32 This Standard requires all entities to ~~determine~~ measure the fair value of investment property, for the purpose of either measurement (if the entity uses the fair value model) or disclosure (if it uses the cost model). An entity is encouraged, but not required, to ~~determine~~ measure the fair value of investment property on the basis of a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

88 Paragraphs 36–39 are deleted.

89 Paragraphs 40 is amended as follows (new text is underlined and deleted text is struck through):

40 When measuring the ~~The~~ fair value of investment property in accordance with AASB 13, an entity shall ensure that the fair value reflects, among other things, rental income from current leases and ~~reasonable and supportable~~ other assumptions that

~~represent what knowledgeable, willing parties~~ market participants would ~~assume~~ use when pricing the investment property ~~about rental income from future leases in the light of~~ under current market conditions. ~~It also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Some of those outflows are reflected in the liability whereas others relate to outflows that are not recognised in the financial statements until a later date (e.g. periodic payments such as contingent rents).~~

90 Paragraphs 42–47, 49, 51 and 75(d) are deleted.

91 Paragraph 48 is amended as follows (new text is underlined and deleted text is struck through):

48 In exceptional cases, there is clear evidence when an entity first acquires an investment property (or when an existing property first becomes investment property …) that the variability in the range of reasonable fair value ~~estimates~~ measurements will be so great, and the probabilities of the various outcomes so difficult to assess, that the usefulness of a single ~~estimate~~ measure of fair value is negated. This may indicate that the fair value of the property will not be reliably ~~determinable~~ measurable on a continuing basis (see paragraph 53).

92 The heading above paragraph 53 and paragraphs 53 and 53B are amended as follows (new text is underlined and deleted text is struck through):

Inability to ~~Determine~~ Measure Fair Value Reliably

53 There is a rebuttable presumption that an entity can reliably ~~determine~~ measure the fair value of an investment property on a continuing basis. However, in exceptional cases, there is clear evidence when an entity first acquires an investment property (or when an existing property first becomes investment property …) that the fair value of the investment property is not reliably ~~determinable~~ measurable on a continuing basis. This arises when, and only when, the market for comparable ~~market~~ properties is inactive (e.g. there are few recent transactions, price quotations are not current or observed transaction prices indicate that the seller was forced to sell) ~~are infrequent~~ and alternative reliable ~~estimates~~ measurements of fair value (for example, based on discounted cash flow projections) are not available. If an entity determines that the fair value of an investment

property under construction is not reliably ~~determinable~~ measurable but expects the fair value of the property to be reliably ~~determinable~~ measurable when construction is complete, it shall measure that investment property under construction at cost until either its fair value becomes reliably ~~determinable~~ measurable or construction is completed (whichever is earlier). If an entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably ~~determinable~~ measurable on a continuing basis, the entity shall measure that investment property using the cost model in AASB 116. The residual value of the investment property shall be assumed to be zero. The entity shall apply AASB 116 until disposal of the investment property.

53B … An entity that has measured an item of investment property under construction at fair value may not conclude that the fair value of the completed investment property cannot be ~~determined~~ measured reliably.

93 Paragraphs 78 and 79 are amended as follows (new text is underlined and deleted text is struck through):

78 In the exceptional cases referred to in paragraph 53, when an entity measures investment property using the cost model in AASB 116, the reconciliation required by paragraph 76 shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, an entity shall disclose:

(a) …

(b) an explanation of why fair value cannot be ~~determined~~ measured reliably;

(c) …

79 In addition to the disclosures required by paragraph 75, an entity that applies the cost model in paragraph 56 shall disclose:

(a) …

(e) the fair value of investment property. In the exceptional cases described in paragraph 53, when an entity cannot ~~determine~~ measure the fair value of the investment property reliably, it shall disclose:

(i) **…**

(ii) **an explanation of why fair value cannot be ~~determined~~ <u>measured</u> reliably; and**

(iii) **…**

94 Paragraph 85B is amended as follows (new text is underlined and deleted text is struck through):

85B … An entity is permitted to apply the amendments to investment property under construction from any date before 1 January 2009 provided that the fair values of investment properties under construction were ~~determined~~ <u>measured</u> at those dates. …

95 Paragraph 85C is added as follows:

85C AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in paragraph 5, amended paragraphs 26, 29, 32, 40, 48, 53, 53B, 78, 79 and 85B, and deleted paragraphs 36–39, 42–47, 49, 51 and 75(d). An entity shall apply those amendments when it applies AASB 13.

Amendments to AASB 141

96 Paragraphs 8, 15 and 16 are amended as follows (new text is underlined and deleted text is struck through):

8 **The following terms are used in this Standard with the meanings specified.**

~~**An *active market* is a market where all the following conditions exist:**~~

~~**(a) the items traded within the market are homogeneous;**~~

~~**(b) willing buyers and sellers can normally be found at any time; and**~~

~~**(c) prices are available to the public.**~~

…

***Fair value* is the ~~amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction~~ <u>price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date</u>. <u>(See AASB 13 *Fair Value Measurement*.)</u>**

15 The ~~determination of~~ fair value <u>measurement of</u> ~~for~~ a biological asset or agricultural produce may be facilitated by grouping biological assets or agricultural produce according to significant attributes; for example, by age or quality. …

16 Entities often enter into contracts to sell their biological assets or agricultural produce at a future date. Contract prices are not necessarily relevant in ~~determining~~ <u>measuring</u> fair value, because fair value reflects the current market <u>conditions</u> in which ~~a willing buyer and seller~~ <u>market participant buyers and sellers</u> would enter into a transaction. …

97 Paragraphs 9, 17–21 and 23 are deleted.

98 Paragraphs 25 and 30 are amended as follows (new text is underlined and deleted text is struck through):

25 … An entity may use information regarding the combined assets to ~~determine~~ <u>measure the</u> fair value ~~for~~ <u>of</u> the biological assets. …

30 There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which <u>quoted</u> market-~~determined~~ prices ~~or values~~ are not available and for which alternative ~~estimates of~~ fair value <u>measurements</u> are determined to be clearly unreliable. …

99 Paragraphs 47 and 48 are deleted.

100 Paragraph 61 is added as follows:

61 AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraphs 8, 15, 16, 25 and 30 and deleted paragraphs 9, 17–21, 23, 47 and 48. An entity shall apply those amendments when it applies AASB 13.

Amendments to AASB 1004

101 Paragraph 11 is amended as follows (new text is underlined):

11 Income shall be measured at the fair value <u>(see AASB 13 *Fair Value Measurement*)</u> of the *contributions* received or receivable.

102 Paragraph 44 is amended as follows (new text is underlined and deleted text is struck through):

44 Contributions of services to local governments, government departments, GGSs and whole of governments shall be recognised as income when and only when:

(a) the fair value of those services can be reliably ~~determined~~ <u>measured</u>; and

(b) …

Amendment to AASB 1023

103 Paragraph 15.3 is amended as follows (new text is underlined):

15.3 Investment property within the scope of AASB 140 *Investment Property* and that backs general insurance liabilities shall be measured using the fair value model under AASB 140 <u>and AASB 13 *Fair Value Measurement*</u>.

Amendment to AASB 1038

104 Paragraph 10.3 is amended as follows (new text is underlined):

10.3 Investment property that is within the scope of AASB 140 *Investment Property* and that backs life insurance liabilities or life investment contract liabilities shall be measured at fair value using the fair value model under AASB 140 <u>and AASB 13 *Fair Value Measurement*</u>.

Amendments to Interpretation 2

105 Below the heading ‘References’, a reference to Accounting Standard AASB 13 *Fair Value Measurement* is added.

106 The heading 'Effective Date of IFRIC 2' before paragraph 14 is amended to 'Effective Date'.

107 Paragraph 16 is added as follows:

16 AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraph A8. An entity shall apply that amendment when it applies AASB 13.

108 In the Appendix, paragraph A8 is amended as follows (new text is underlined and deleted text is struck through):

A8 Members' shares in excess of the prohibition against redemption are financial liabilities. The co-operative entity measures this financial liability at fair value at initial recognition. Because these shares are redeemable on demand, the co-operative entity ~~determines~~ <u>measures</u> the fair value of such financial liabilities <u>in accordance with paragraph 47 of AASB 13</u> ~~as required by paragraph 49 of AASB 139~~ ~~*Financial Instruments: Recognition and Measurement*~~, which states: 'The fair value of a financial liability with a demand feature (eg a demand deposit) is not less than the amount payable on demand …' Accordingly, the co-operative entity classifies as financial liabilities the maximum amount payable on demand under the redemption provisions.

Amendments to Interpretation 4

109 Below the heading 'References', a reference to Accounting Standard AASB 13 *Fair Value Measurement* is added.

110 In paragraph 15(a), 'fair value' is footnoted as follows:

AASB 117 uses the term 'fair value' in a way that differs in some respects from the definition of fair value in AASB 13. Therefore, when applying AASB 117 an entity measures fair value in accordance with AASB 117, not AASB 13.

Amendments to Interpretation 12

111 In the Illustrative Examples accompanying Interpretation 12, paragraphs IE15 and IE31 are amended as follows (new text is underlined and deleted text is struck through):

IE15 During the construction phase of the arrangement the operator's asset (representing its accumulating right to be paid for providing construction services) is classified as an intangible asset (licence to charge users of the infrastructure). The operator ~~estimates~~ <u>measures</u> the fair value of its consideration received ~~to be~~ <u>as</u> equal to the forecast construction costs plus 5 per cent margin<u>, which the operator concludes is consistent with the rate that a market participant would require as compensation for providing the construction services and for assuming the risk associated with the construction costs</u>. It is also assumed that …

IE31 During the construction phase of the arrangement the operator's asset (representing its accumulating right to be paid for providing construction services) is classified as a right to receive a licence to charge users of the infrastructure. The operator ~~estimates~~ <u>measures</u> the fair value of its consideration received or receivable as equal to the forecast construction costs plus 5 per cent<u>, which the operator concludes is consistent with the rate that a market participant would require as compensation for providing the construction services and for assuming the risk associated with the construction costs</u>. It is also assumed that …

Amendments to Interpretation 13

112 Below the heading 'References', a reference to Accounting Standard AASB 13 *Fair Value Measurement* is added.

113 Paragraph 6 is amended as follows (deleted text is struck through):

6 The consideration allocated to the award credits shall be measured by reference to their fair value~~, i.e. the amount for which the award credits could be sold separately~~.

114 The heading 'Effective Date' before paragraph 10 is amended to 'Effective date and transition', and the heading 'Transition' before paragraph 11 is deleted.

115 Paragraph 10B is added as follows:

10B AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraphs 6 and AG1–AG3. An entity shall apply those amendments when it applies AASB 13.

116 In the Application Guidance, paragraphs AG1–AG3 are amended as follows (new text is underlined and deleted text is struck through):

AG1 Paragraph 6 of the consensus requires the consideration allocated to award credits to be measured by reference to their fair value~~, i.e. the amount for which the award credits could be sold separately~~. If ~~the fair value~~ there is not ~~directly observable~~ a quoted market price for an identical award credit, ~~it~~ fair value must be ~~estimated~~ measured using another valuation technique.

AG2 An entity may ~~estimate~~ measure the fair value of award credits by reference to the fair value of the awards for which they could be redeemed. The fair value … :

(a) the … initial sale; ~~and~~

(b) the proportion of award credits that are not expected to be redeemed by customers~~.~~; and

(c) non-performance risk.

If customers can choose from a range of different awards, the fair value of the award credits ~~will~~ reflects the fair values of the range of available awards, weighted in proportion to the frequency with which each award is expected to be selected.

AG3 In some circumstances, other ~~estimation~~ valuation techniques may be ~~available~~ used. For example, if a third party will supply the awards and the entity pays the third party for each award credit it grants, it could ~~estimate~~ measure the fair value of the award credits by reference to the amount it pays the third party, adding a reasonable profit margin. Judgement is required to select and apply the ~~estimation~~ valuation technique that satisfies the requirements of paragraph 6 of the consensus and is most appropriate in the circumstances.

117 In the Illustrative Examples accompanying Interpretation 13, paragraphs IE1 and IE3 are amended as follows (new text is underlined and deleted text is struck through):

IE1 A grocery retailer operates a customer loyalty programme. It grants programme members loyalty points when they spend a specified amount on groceries. Programme members can redeem the points for further groceries. The points have no expiry date. In one period, the entity grants 100 points. Management ~~estimates~~ measures the fair value of groceries for which each loyalty point can be redeemed as 1.25 currency units (CU1.25). This amount takes into account ~~an~~ management's estimate of the discount that ~~management~~ market participants would assume when pricing the award credits. That discount takes into account market participants' expectations of the discount that ~~expects~~ would otherwise be offered to customers who have not earned award credits from an initial sale. In addition, management estimates that market participants would expect~~s~~ only 80 of these points to be redeemed. Therefore, the fair value of each point is CU1, being the fair value of the award for each loyalty point granted of CU1.25 reduced to take into account points not expected to be redeemed ((80 points/100 points) × CU1.25 = CU1). Accordingly, management defers recognition of revenue of CU100. Throughout the example, management determines that non-performance risk has an immaterial effect on the measurement of its obligation under the programme.

IE3 In the second year, management revises its estimate of market participants' expectations. It now expects 90 points to be redeemed altogether.

Amendments to Interpretation 14

118 In the Illustrative Examples accompanying Interpretation 14, all references to 'market value' of assets are replaced with 'fair value'.

Amendments to Interpretation 17

119 Below the heading 'References', a reference to Accounting Standard AASB 13 *Fair Value Measurement* is added.

120 Paragraph 17 is amended as follows (new text is underlined and deleted text is struck through):

17 If, after the end of a reporting period but before the financial statements are authorised for issue, an entity declares a dividend to distribute a non-cash asset, it shall disclose:

(a) …

(c) the ~~estimated~~ fair value of the asset to be distributed as of the end of the reporting period, if it is different from its carrying amount, and the information about the method(s) used to ~~determine~~ measure that fair value required by ~~AASB 7 paragraph 27(a) and (b)~~ paragraphs 93(b), (d), (g) and (i) and 99 of AASB 13.

121 Paragraph 20 is added as follows:

> 20 AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraph 17. An entity shall apply that amendment when it applies AASB 13.

Amendments to Interpretation 19

122 Below the heading 'References', a reference to Accounting Standard AASB 13 *Fair Value Measurement* is added.

123 Paragraph 7 is amended as follows (new text is underlined and deleted text is struck through):

> 7 If the fair value of the equity instruments issued cannot be reliably measured then the equity instruments shall be measured to reflect the fair value of the financial liability extinguished. In measuring the fair value of a financial liability extinguished that includes a demand feature (eg a demand deposit), paragraph ~~49~~ <u>47</u> of ~~AASB 139~~ <u>AASB 13</u> is not applied.

124 The heading 'Effective date of IFRIC 19' before paragraph 12 is amended to 'Effective date and transition', and the heading 'Transition' before paragraph 13 is deleted.

125 Paragraph 15 is added as follows:

> 15 AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraph 7. An entity shall apply that amendment when it applies AASB 13.

Amendment to Interpretation 131

126 In paragraph 8, the first sentence is footnoted as follows:

> AASB 13 *Fair Value Measurement*, issued in September 2011, defines fair value and contains the requirements for measuring fair value.

Amendment to Interpretation 132

127 In paragraph 18, the first reference to ‘an active market’ is footnoted as follows:

AASB 13 *Fair Value Measurement*, issued in September 2011, defines fair value and contains the requirements for measuring fair value. AASB 13 defines an active market.

APPENDIX

EARLY APPLICATION OF AASB 13

This appendix is an integral part of AASB 2011-8.

A1 Australian Accounting Standard AASB 13 *Fair Value Measurement* may be applied early to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013. The amendments set out in paragraphs 12–127 of this Standard also apply, as far as possible, to all the versions of the pronouncements applicable to such periods when AASB 13 is applied early.

A2 However, the early-application amendments to the following pronouncements are set out in this Appendix:

(a) AASB 1 *First-time Adoption of Australian Accounting Standards* (May 2009);

(b) AASB 7 *Financial Instruments: Disclosures*;

(c) AASB 128 *Investments in Associates*;

(d) AASB 131 *Interests in Joint Ventures*;

(e) [Deleted]

(f) AASB 139 *Financial Instruments: Recognition and Measurement*.

(g) [Deleted]

(h) [Deleted]

The amendments are presented in relation to the annual reporting periods to which various versions of those pronouncements apply mandatorily. However, most versions may also be applied to earlier annual reporting periods as stated in each version.

A3 [Deleted]

Change in Definition

A4 The changes to the definition of 'fair value' in paragraphs 12 and 13 of this Standard apply in early application cases and are not repeated in the amendments set out in this Appendix.

Amendments to AASB 1 (May 2009)

A5 [Deleted]

A6 Paragraph D20 is amended as follows (new text is underlined and deleted text is struck through) in the versions of AASB 1 that apply to annual reporting periods beginning on or after 1 July 2009 but before 1 July 2011:

D20 Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in ~~the last sentence~~ paragraph AG76(a) of AASB 139 ~~paragraph AG76 and in paragraph AG76A~~, in either of the following ways:

(a) …

A7 [Deleted]

Amendments to AASB 7

A8-A9 [Deleted]

A10 Paragraph 3 is amended as follows (new text is underlined) in the versions of AASB 7 that apply to annual reporting periods beginning on or after 1 January 2007 but before 1 January 2009:

3 This Standard shall be applied by all entities to all types of financial instruments, except:

(a) … in addition to those in this Standard. For those interests measured at fair value, entities shall apply the requirements of AASB 13 *Fair Value Measurement.* Entities shall also apply …

(b) …

A11 [Deleted]

Amendments to AASB 9 (December 2009)

A12 [Deleted]

Amendments to AASB 2009-11

A13-A22 [Deleted]

Amendments to AASB 2010-7

A23-A25 [Deleted]

Amendments to AASB 128

A26 Paragraphs 1 and 37 are amended (new text is underlined and deleted text is struck through) and paragraph 41G is added in the versions of AASB 128 that apply to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013, as follows:

1 This Standard shall be applied in accounting for investments in associates. However, it does not apply to investments in associates held by:

(a) venture capital organisations, or

(b) mutual funds, unit trusts and similar entities including investment-linked insurance funds

that upon initial recognition are designated as at fair value through profit or loss or are classified as held for trading and accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. <u>For such</u> ~~Such~~ investments ~~shall be measured at fair value in accordance with AASB 139~~, <u>an entity shall recognise</u> ~~with~~ changes in fair value ~~recognised~~ in profit or loss …

37 The following disclosures shall be made:

(a) the fair value of investments in associates for which there are ~~published price quotations~~ <u>quoted market prices</u>;

(b) …

41G AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraphs 1 and 37. An entity shall apply those amendments when it applies AASB 13 *Fair Value Measurement*.

Amendments to AASB 131

A27 Paragraph 1 is amended (new text is underlined and deleted text is struck through) and paragraph 58F is added in the versions of

AASB 131 that apply to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013, as follows:

1 This Standard shall be applied in accounting for interests in *joint ventures* and the reporting of joint venture assets, liabilities, income and expenses … of *venturers* and investors, regardless of the structures or forms under which the joint venture activities take place. However, it does not apply to venturers' interests in jointly controlled entities held by:

(a) venture capital organisations, or

(b) mutual funds, unit trusts and similar entities including investment-linked insurance funds

that upon initial recognition are designated as at fair value through profit or loss or are classified as held for trading and accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. For such ~~Such~~ investments ~~shall be measured at fair value in accordance with AASB 139~~, an entity shall recognise ~~with~~ changes in fair value ~~recognised~~ in profit or loss …

58F AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended paragraph 1. An entity shall apply that amendment when it applies AASB 13 *Fair Value Measurement*.

Amendments to AASB 132

A28 [Deleted]

Amendments to AASB 139

A29-A30 [Deleted]

A31 Paragraph AG46 is amended (new text is underlined and deleted text is struck through) in the versions of AASB 139 that apply to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2007, as follows:

AG46 ~~In estimating~~ When measuring the fair values of the part that continues to be recognised and the part that is derecognised for the purposes of applying paragraph 27, an entity applies the fair value measurement requirements in AASB 13 ~~paragraphs 48, 49 and AG68–AG82~~ in addition to paragraph 28.

A32 [Deleted]

A33 Paragraph AG64 is amended (new text is underlined and deleted text is struck through) in the versions of AASB 139 that apply to annual reporting periods beginning on or after 1 January 2005 that end before 24 February 2006, as follows:

AG64 The fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received, see also AASB 13 and paragraph AG76. However, if part of the consideration given or received is for something other than the financial instrument, an entity shall measure the fair value of the financial instrument ~~is estimated, using a valuation technique (see paragraphs AG74 and AG79)~~. For example, the fair value of an originated long-term loan or receivable that carries no interest can be ~~estimated~~ measured as the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument …

A34 [Deleted]

Amendments to Interpretation 2

A35 [Deleted]

Amendments to Interpretation 19

A36 [Deleted]