

**AASB Standard**

**AASB 2012-4**  
June 2012

# **Amendments to Australian Accounting Standards – Government Loans**

**[AASB 1]**



**Australian Government**

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**Australian Accounting  
Standards Board**

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ISSN 1036-4803

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IASB IMPLEMENTATION GUIDANCE – AMENDMENTS  
(available on the AASB website)

IASB BASIS FOR CONCLUSIONS – AMENDMENTS  
(available on the AASB website)

Australian Accounting Standard AASB 2012-4 <i>Amendments to Australian Accounting Standards – Government Loans</i> is set out in paragraphs 1 – 8. All the paragraphs have equal authority.
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## **PREFACE**

### **Introduction**

This Standard makes amendments to Australian Accounting Standard AASB 1 *First-time Adoption of Australian Accounting Standards*.

These amendments arise primarily from the issuance of *Government Loans* (Amendments to IFRS 1) by the International Accounting Standards Board in March 2012.

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

#### **Application Date**

This Standard applies to annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013.

### **Main Requirements**

This Standard adds an exception to the retrospective application of Australian Accounting Standards to require that first-time adopters apply the requirements in AASB 139 *Financial Instruments: Recognition and Measurement* (or AASB 9 *Financial Instruments*) and AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to Australian Accounting Standards. This means that first-time adopters would not recognise the corresponding benefit of the government loan received at a below-market rate of interest as a government grant. However, entities may choose to apply the requirements of AASB 139 (or AASB 9) and AASB 120 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. These amendments give first-time adopters the same relief as existing preparers of Australian-Accounting-Standards financial statements.

## **ACCOUNTING STANDARD AASB 2012-4**

The Australian Accounting Standards Board makes Accounting Standard AASB 2012-4 *Amendments to Australian Accounting Standards – Government Loans* under section 334 of the *Corporations Act 2001*.

Dated 29 June 2012

Kevin M. Stevenson  
Chair – AASB

## **ACCOUNTING STANDARD AASB 2012-4**

### ***AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – GOVERNMENT LOANS***

#### **Objective**

- 1 The objective of this Standard is to make amendments to AASB 1 *First-time Adoption of Australian Accounting Standards* as a consequence of the issuance of International Financial Reporting Standard *Government Loans* (Amendments to IFRS 1) by the International Accounting Standards Board in March 2012.

#### **Application**

- 2 **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 **This Standard applies to annual reporting periods beginning on or after 1 January 2013.**
- 4 **This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013. When an entity applies this Standard to such an annual reporting period, it shall disclose that fact.**

- 5 **This Standard uses underlining, striking out and other typographical material to identify some of the amendments to AASB 1, 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.**

## **Amendments to AASB 1**

- 6 Paragraphs 39N and 39O are added as follows:
- 39N AASB 2012-4 *Amendments to Australian Accounting Standards – Government Loans*, issued in June 2012, amended paragraph B1 and added paragraphs B10-B12. An entity shall apply those paragraphs for annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted.
- 39O Paragraphs B10 and B11 refer to AASB 9. If an entity applies this Standard but does not yet apply AASB 9, the references in paragraphs B10 and B11 to AASB 9 shall be read as references to AASB 139 *Financial Instruments: Recognition and Measurement*.
- 7 Paragraph B1 is amended as follows (new text is underlined and deleted text is struck through):
- B1 An entity shall apply the following exceptions:
- (a) derecognition of financial assets and financial liabilities (paragraphs B2 and B3);
  - (b) hedge accounting (paragraphs B4-B6);
  - (c) non-controlling interests (paragraph B7); and
  - ~~(d) classification and measurement of financial assets (paragraph B8); and~~
  - ~~(e) embedded derivatives (paragraph B9).~~
  - (f) government loans (paragraphs B10-B12).

- 8 Paragraphs B10-B12 and a related heading are added as follows:

### **Government loans**

- B10 A first-time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with AASB 132 *Financial Instruments: Presentation*. Except as permitted by paragraph B11, a first-time adopter shall apply the requirements in AASB 9 *Financial Instruments* and AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to Australian Accounting Standards and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with Australian-Accounting-Standards requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to Australian Accounting Standards as the carrying amount of the loan in the opening Australian-Accounting-Standards statement of financial position. An entity shall apply AASB 9 to the measurement of such loans after the date of transition to Australian Accounting Standards.
- B11 Despite paragraph B10, an entity may apply the requirements in AASB 9 and AASB 120 retrospectively to any government loan originated before the date of transition to Australian Accounting Standards, provided that the information needed to do so had been obtained at the time of initially accounting for that loan.
- B12 The requirements and guidance in paragraphs B10 and B11 do not preclude an entity from being able to use the exemptions described in paragraphs D19-D19D relating to the designation of previously recognised financial instruments at fair value through profit or loss.