

AASB Standard

AASB 2012-5

June 2012

Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle

**[AASB 1, AASB 101, AASB 116,
AASB 132 & AASB 134 and
Interpretation 2]**



Australian Government

**Australian Accounting
Standards Board**

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

Australian Accounting Standard AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle* is set out in paragraphs 1 – 16. All the paragraphs have equal authority.

PREFACE

Introduction

This Standard makes amendments to the Australian Accounting Standards and Interpretation listed in paragraph 1 of the Standard.

These amendments are a consequence of the annual improvements process, which provides a vehicle for making non-urgent but necessary amendments to Standards.

These amendments result from proposals that were included in Exposure Draft ED 213 *Improvements to IFRSs* published in July 2011 and follow the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* issued by the International Accounting Standards Board in May 2012.

Main Features of this Standard

Application Date

This Standard is applicable 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.

The insertion of early application conditions in the individual Standards and Interpretation means that the amendments (or sets of amendments) to each of those Standards and Interpretation can be applied separately.

Main Requirements

The subjects of the principal amendments to the Standards and Interpretation are set out below:

Australian Accounting Standard or Interpretation	Subject of amendment
AASB 1 <i>First-time Adoption of Australian Accounting Standards</i>	Repeated application of AASB 1
	Borrowing costs
AASB 101 <i>Presentation of Financial Statements</i>	Clarification of the requirements for comparative information

Australian Accounting Standard or Interpretation	Subject of amendment
AASB 116 <i>Property, Plant and Equipment</i>	Classification of servicing equipment
AASB 132 <i>Financial Instruments: Presentation</i> ; and Interpretation 2 <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	Tax effect of distribution to holders of equity instruments
AASB 134 <i>Interim Financial Reporting</i>	Interim financial reporting and segment information for total assets and liabilities

ACCOUNTING STANDARD AASB 2012-5

The Australian Accounting Standards Board makes Accounting Standard AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle* under section 334 of the *Corporations Act 2001*.

Dated 29 June 2012

Kevin M. Stevenson
Chair – AASB

ACCOUNTING STANDARD AASB 2012-5

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM ANNUAL IMPROVEMENTS 2009–2011 CYCLE

Objective

- 1 The objective of this Standard is to make amendments to:
 - (a) AASB 1 *First-time Adoption of Australian Accounting Standards*;
 - (b) AASB 101 *Presentation of Financial Statements*;
 - (c) AASB 116 *Property, Plant and Equipment*;
 - (d) AASB 132 *Financial Instruments: Presentation*;
 - (e) AASB 134 *Interim Financial Reporting*; and
 - (f) Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*;

as a consequence of the issuance of International Financial Reporting Standard *Annual Improvements to IFRSs 2009–2011 Cycle* by the International Accounting Standards Board in May 2012.

Application

- 2 Subject to paragraphs 3 and 4, 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, 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 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.**
- 5 This Standard applies to annual reporting periods beginning on or after 1 January 2013.**
- 6 This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013. The insertion of early application conditions in the individual Standards and Interpretation means that the amendments (or sets of amendments) to each of those Standards and Interpretation can**

be applied separately from the other amendments provided the particular early application conditions are satisfied.

- 7 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.

Amendments to AASB 1

- 8 Paragraphs 4A, 4B, 23A, 23B and 39P are added as follows:
- 4A Notwithstanding the requirements in paragraphs 2-Aus3.2, an entity that has applied Australian Accounting Standards or IFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with Australian Accounting Standards or IFRSs, must either apply this Standard or else apply Australian Accounting Standards retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* as if the entity had never stopped applying Australian Accounting Standards or IFRSs.
- 4B When an entity does not elect to apply this Standard in accordance with paragraph 4A, the entity shall nevertheless apply the disclosure requirements in paragraphs 23A and 23B of AASB 1, in addition to the disclosure requirements in AASB 108.
- 23A An entity that has applied Australian Accounting Standards or IFRSs in a previous period, as described in paragraph 4A, shall disclose:
- (a) the reason it stopped applying Australian Accounting Standards or IFRSs; and
 - (b) the reason it is resuming or commencing the application of Australian Accounting Standards.
- 23B When an entity, in accordance with paragraph 4A, does not elect to apply AASB 1, the entity shall explain the reasons for electing to apply Australian Accounting Standards as if it had never stopped applying Australian Accounting Standards or IFRSs.

39P AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*, issued in June 2012, added paragraphs 4A, 4B, 23A and 23B. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

9 Paragraph D23 is amended as follows (new text is underlined and deleted text is struck through) and paragraph 39Q is added:

D23 ~~A first-time adopter may apply the transitional provisions set out in paragraphs 27 and 28 of AASB 123 *Borrowing Costs*, as revised in 2007. In those paragraphs references to the application date shall be interpreted as 1 January 2009 or the date of transition to Australian Accounting Standards, whichever is later. A first-time adopter can elect to apply the requirements of AASB 123 *Borrowing Costs* from the date of transition or from an earlier date as permitted by paragraph 28 of AASB 123. From the date on which an entity that applies this exemption begins to apply AASB 123, the entity:~~

- (a) shall not restate the borrowing cost component that was capitalised under previous GAAP and that was included in the carrying amount of assets at that date; and
- (b) shall account for borrowing costs incurred on or after that date in accordance with AASB 123, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

39Q AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*, issued in June 2012, amended paragraph D23. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

- 10 Paragraph 21 is amended as follows (new text is underlined and deleted text is struck through) and paragraph 39R is added:
- 21 ~~To comply with AASB 101, an~~ An entity's first Australian-Accounting-Standards financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.
- 39R *AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*, issued in June 2012, amended paragraph 21. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendments to AASB 101

- 11 Paragraphs 10, 38 and 41 are amended as follows (new text is underlined and deleted text is struck through). Paragraphs 39 and 40 are deleted (and notes added). Paragraphs 38A-38D, 40A-40D and 139L and related headings are added.
- 10 A complete set of financial statements comprises:**
- (a) ...
- (e) **notes, comprising a summary of significant accounting policies and other explanatory information; ~~and~~**
- (ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and**
- (f) a statement of financial position as at the beginning of the ~~earliest comparative preceding~~ preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A-40D.**
- ...

Minimum Comparative Information

- 38** Except when Australian Accounting Standards permit or require otherwise, an entity shall ~~disclose~~ **present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information ~~when~~ if it is relevant to an understanding of the current period's financial statements.**
- 38A** An entity shall present, as a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity, and related notes.
- 38B** In some cases, narrative information provided in the financial statements for the preceding period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the end of the preceding period and is yet to be resolved. Users may benefit from the disclosure of information that the uncertainty existed at the end of the preceding period and from the disclosure of information about the steps that have been taken during the period to resolve the uncertainty.

Additional Comparative Information

- 38C** An entity may present comparative information in addition to the minimum comparative financial statements required by Australian Accounting Standards, as long as that information is prepared in accordance with Australian Accounting Standards. This comparative information may consist of one or more statements referred to in paragraph 10, but need not comprise a complete set of financial statements. When this is the case, the entity shall present related note information for those additional statements.
- 38D** For example, an entity may present a third statement of profit or loss and other comprehensive income (thereby presenting the current period, the preceding period and one additional comparative period). However, the entity is not required to present a third statement of financial position, a third statement of cash flows or a third statement of changes in equity (ie an additional financial statement comparative). The entity is required to present, in the notes to the financial statements, the

comparative information related to that additional statement of profit or loss and other comprehensive income.

39 [Deleted by the IASB]

40 [Deleted by the IASB]

Change in Accounting Policy, Retrospective Restatement or Reclassification

40A An entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements required in paragraph 38A if:

- (a) it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and**
- (b) the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.**

40B In the circumstances described in paragraph 40A, an entity shall present three statements of financial position as at:

- (a) the end of the current period;
- (b) the end of the preceding period; and
- (c) the beginning of the preceding period.

40C When an entity is required to present an additional statement of financial position in accordance with paragraph 40A, it must disclose the information required by paragraphs 41-44 and AASB 108. However, it need not present the related notes to the opening statement of financial position as at the beginning of the preceding period.

40D The date of that opening statement of financial position shall be as at the beginning of the preceding period regardless of whether an entity's financial statements present comparative information for earlier periods (as permitted in paragraph 38C).

41 ~~When the~~ If an entity changes the presentation or classification of items in its financial statements, the entity it shall reclassify comparative amounts unless reclassification is impracticable. When the an entity reclassifies comparative amounts, the entity it shall disclose (including as at the beginning of the preceding period):

(a) ...

139L AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*, issued in June 2012, amended paragraphs 10, 38 and 41, deleted paragraphs 39 and 40 and added paragraphs 38A-38D and 40A-40D. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendments to AASB 116

12 Paragraph 8 is amended as follows (new text is underlined and deleted text is struck through) and paragraph 81G is added:

8 ~~Spare~~ Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Standard are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. an entity expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

81G AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*, issued in June 2012, amended paragraph 8. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendments to AASB 132

13 Paragraphs 35, 37 and 39 are amended as follows (new text is underlined and deleted text is struck through) and paragraphs 35A and 97M are added:

35 Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument shall be recognised debited by the entity directly to in equity, ~~net of any related income tax benefit~~. Transaction costs of an equity transaction shall be accounted for as a deduction from equity, ~~net of any related income tax benefit~~.

35A Income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 *Income Taxes*.

37 An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity ~~(net of any related income tax benefit)~~ to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

39 The amount of transaction costs accounted for as a deduction from equity in the period is disclosed separately under in accordance with AASB 101. ~~The related amount of income taxes recognised directly in equity is included in the aggregate amount of current and deferred income tax credited or charged to equity that is disclosed under AASB 112 *Income Taxes*.~~

97M AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*, issued in June 2012, amended paragraphs 35, 37 and 39 and added paragraph 35A. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendments to AASB 134

14 Paragraph 5 is amended as follows (new text is underlined and deleted text is struck through) and paragraph 52 is added:

- 5 AASB 101 (~~as revised in 2007~~) defines a complete set of financial statements as including the following components:
- (a) ...
 - (b) a statement of profit or loss and other comprehensive income for the period;
 - (c) ...
 - (e) notes, comprising a summary of significant accounting policies and other explanatory information; ~~and~~
 - (ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A of AASB 101; and
 - (f) a statement of financial position as at the beginning of the ~~earliest comparative~~ preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A-40D of AASB 101.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

- 52 AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*, issued in June 2012, amended paragraph 5. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

- 15 Paragraph 16A is amended as follows (new text is underlined and deleted text is struck through) and paragraph 53 is added:

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) ...

(g) **the following segment information (disclosure of segment information is required in an entity's interim financial report only if AASB 8 *Operating Segments* requires that entity to disclose segment information in its annual financial statements):**

(i) ...

(iv) **a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if for which there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment;**

(v) ...

(h) ...

- 53 *AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*, issued in June 2012, amended paragraph 16A. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendments to Interpretation 2

- 16 Paragraph 11 is amended as follows (new text is underlined and deleted text is struck through) and paragraph 17 is added:
- 11 As required by paragraph 35 of AASB 132, distributions to holders of equity instruments are recognised directly in equity, ~~net of any income tax benefits~~. Interest, dividends and other returns relating to financial instruments classified as financial liabilities are expenses, regardless of whether those amounts paid are legally characterised as dividends, interest or otherwise.
- 17 *AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*, issued in June 2012, amended paragraph 11. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2013. If an entity applies the amendment to AASB 132 as a part of AASB 2012-5 for an earlier period, the amendment in paragraph 11 shall be applied for that earlier period.