

AASB Standard

AASB 2015-2

January 2015

**Amendments to Australian
Accounting Standards –
Disclosure Initiative:
Amendments to AASB 101**

**[AASB 7, AASB 101, AASB 134 &
AASB 1049]**



Australian Government

**Australian Accounting
Standards Board**

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**IASB BASIS FOR CONCLUSIONS ON IAS 1 –
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(available on the AASB website)

**IASB GUIDANCE ON IMPLEMENTING STANDARDS –
AMENDMENTS**

(available on the AASB website)

Australian Accounting Standard AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* is set out in paragraphs 1 – 15. All the paragraphs have equal authority.

PREFACE

Introduction

This Standard makes amendments to Australian Accounting Standards AASB 7 *Financial Instruments: Disclosures*, AASB 101 *Presentation of Financial Statements*, AASB 134 *Interim Financial Reporting* and AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

These amendments arise from the issuance of International Financial Reporting Standard *Disclosure Initiative* (Amendments to IAS 1) in December 2014.

Main Features of this Standard

Main Requirements

This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.

This Standard also makes an editorial correction to AASB 101.

In addition, as a result of the amendments to AASB 101, this Standard makes consequential amendments to AASB 7, AASB 134 and AASB 1049.

Application Date

This Standard applies to annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2016.

ACCOUNTING STANDARD AASB 2015-2

The Australian Accounting Standards Board makes Accounting Standard AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* under section 334 of the *Corporations Act 2001*.

Dated 28 January 2015

Kris Peach
Chair – AASB

ACCOUNTING STANDARD AASB 2015-2

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – DISCLOSURE INITIATIVE: AMENDMENTS TO AASB 101

Objective

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

- (a) AASB 7 *Financial Instruments: Disclosures*;
- (b) AASB 101 *Presentation of Financial Statements*;
- (c) AASB 134 *Interim Financial Reporting*; and
- (d) AASB 1049 *Whole of Government and General Government Sector Financial Reporting*;

as a consequence of the issuance of International Financial Reporting Standard *Disclosure Initiative* (Amendments to IAS 1) by the International Accounting Standards Board in December 2014, and to make an editorial correction.

Application

2 **Subject to paragraphs 3-5, 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 **In respect of AASB 1049, this Standard applies to each government's whole of government general purpose financial statements and GGS financial statements.**
- 6 **This Standard applies to annual reporting periods beginning on or after 1 January 2016.**
- 7 **This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2016. When an entity applies this Standard to such an annual reporting period, it shall disclose that fact.**
- 8 **This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard, 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. Ellipses (...) are used to help provide the context within which**

amendments are made and also to indicate text that is not amended.

Commencement

- 9 This Standard commences on the day this Standard is made by the Australian Accounting Standards Board.

Amendments to AASB 7

- 10 Paragraph 21 is amended (new text is underlined and deleted text is struck through) and paragraph 44BB is added as follows:
- 21 In accordance with paragraph 117 of AASB 101 *Presentation of Financial Statements* (as revised in 2007), an entity discloses, ~~in the summary of its~~ significant accounting policies, comprising the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements.
- 44BB AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*, issued in January 2015, amended paragraphs 21 and B5. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted.
- 11 In Appendix B, paragraph B5 is amended as follows (new text is underlined and deleted text is struck through):
- B5 Paragraph 21 requires disclosure of the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. For financial instruments, such disclosure may include:
- (a) ...
- Paragraph 122 of AASB 101 (as revised in 2007) also requires entities to disclose, ~~in the summary of~~ along with its significant accounting policies or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Amendments to AASB 101

12 Paragraph Aus1.8 is amended as follows (new text is underlined):

Aus1.8 The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:

- (a) paragraphs 10(f), 15, 16, Aus16.3, 40A-40D, 42(b), 61, 65, 80A, 82(aa), 85B, 90, 92, 94, 104, 131 and 134-138; and
- (b) ...

13 Paragraphs 10, 31, 54–55, 82A, 85, 113–114, 117, 119 and 122 are amended (new text is underlined and deleted text is struck through), paragraphs 30A, 55A, 85A–85B and 139P are added and paragraphs 115 and 120 are deleted as follows:

10 A complete set of financial statements comprises:

- (a) ...
- (e) **notes, comprising ~~a summary of significant accounting policies and other explanatory information~~;**
- (ea) ...

30A When applying this and other Australian Accounting Standards an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

31 Some Australian Accounting Standards specify information that is required to be included in the financial statements, which include the notes. An entity need not provide a specific disclosure required by an Australian Accounting Standard if the information resulting from that disclosure is not material. This is the case even if the Australian Accounting Standard contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific

requirements in Australian Accounting Standards is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

- 54** ~~As a minimum,~~**The statement of financial position shall include line items that present the following amounts:**
- (a) ...
- 55** **An entity shall present additional line items (including by disaggregating the line items listed in paragraph 54), headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.**
- 55A When an entity presents subtotals in accordance with paragraph 55, those subtotals shall:
- (a) be comprised of line items made up of amounts recognised and measured in accordance with Australian Accounting Standards;
- (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
- (c) be consistent from period to period, in accordance with paragraph 45; and
- (d) not be displayed with more prominence than the subtotals and totals required in Australian Accounting Standards for the statement of financial position.
- 82A** **The other comprehensive income section shall present line items for the amounts of other comprehensive income in the period, classified by nature (including share of the other comprehensive income of associates and joint ventures accounted for using the equity method) and grouped into those that, in accordance with other Australian Accounting Standards for the period of:**
- (a) **items of other comprehensive income (excluding amounts in paragraph (b)), classified by nature and grouped into those that, in accordance with other Australian Accounting Standards:**

~~(a)~~(i) will not be reclassified subsequently to profit or loss; and

~~(b)~~(ii) will be reclassified subsequently to profit or loss when specific conditions are met.

(b) the share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other Australian Accounting Standards:

(i) will not be reclassified subsequently to profit or loss; and

(ii) will be reclassified subsequently to profit or loss when specific conditions are met.

85 An entity shall present additional line items (including by disaggregating the line items listed in paragraph 82), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.

85A When an entity presents subtotals in accordance with paragraph 85, those subtotals shall:

- (a) be comprised of line items made up of amounts recognised and measured in accordance with Australian-Accounting-Standards;
- (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
- (c) be consistent from period to period, in accordance with paragraph 45; and
- (d) not be displayed with more prominence than the subtotals and totals required in Australian Accounting Standards for the statement(s) presenting profit or loss and other comprehensive income.

85B An entity shall present the line items in the statement(s) presenting profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with

paragraph 85 with the subtotals or totals required in Australian Accounting Standards for such statement(s).

- 113 An entity shall, as far as practicable, present notes in a systematic manner. In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows to any related information in the notes.**
- 114 ~~An entity normally presents notes in the following order, to assist users to understand the financial statements and to compare them with financial statements of other entities:~~ Examples of systematic ordering or grouping of the notes include:
- (a) giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;
 - (b) grouping together information about items measured similarly such as assets measured at fair value; or
 - (c) following the order of the line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position, such as:
 - ~~(a)~~(i) statement of compliance with ~~Australian Accounting Standards~~ IFRSs (see paragraph 16);
 - ~~(b)~~(ii) summary of significant accounting policies applied (see paragraph 117);
 - ~~(c)~~(iii) supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and
 - ~~(d)~~(iv) other disclosures, including:

(i)(1) contingent liabilities (see AASB 137) and unrecognised contractual commitments; and

(i)(2) non-financial disclosures, ~~eg e.g.~~ the entity's financial risk management objectives and policies (see AASB 7).

115 [Deleted by the IASB]

117 An entity shall disclose ~~in the summary of~~ its significant accounting policies comprising:

(a) ...

119 In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position. Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in Australian Accounting Standards. An example is disclosure of whether an entity applies the fair value or cost model to its investment property (see AASB 140 *Investment Property*). Some Australian Accounting Standards specifically require disclosure of particular accounting policies, including choices made by management between different policies they allow. For example, AASB 116 requires disclosure of the measurement bases used for classes of property, plant and equipment.

120 [Deleted by the IASB]

122 An entity shall disclose, ~~in the summary of~~ along with its significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 125), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

139P AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*, issued in January 2015, amended paragraphs Aus1.8, 10, 31, 54–55, 82A, 85, 113–114, 117, 119 and 122, added paragraphs 30A, 55A and

85A–85B and deleted paragraphs 115 and 120. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted. Entities are not required to disclose the information required by paragraphs 28–30 of AASB 108 in relation to these amendments.

Amendments to AASB 134

- 14 Paragraph 5 is amended (deleted text is struck through) and paragraph 57 is added as follows:
- 5 AASB 101 defines a complete set of financial statements as including the following components:
- (a) ...
 - (e) notes, comprising a ~~summary of~~ significant accounting policies and other explanatory information;
 - (ea) ...
- 57 AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*, issued in January 2015, amended paragraph 5. An entity shall apply that amendment for annual reporting periods beginning on or after 1 January 2016. Earlier application of that amendment is permitted.

Amendments to AASB 1049

- 15 Paragraph 15 is amended as follows (deleted text is struck through):
- 15 Certain Australian Accounting Standards do not prescribe specific treatments for all items and issues within their scope. An example is AASB 101, which ~~specifies only the minimum line items to be presented in the statement of financial position~~ and requires additional line items, headings and subtotals to be presented when such presentation is relevant to an understanding of the entity's financial position. The ABS GFS Manual specifies principles and rules for the presentation of a balance sheet prepared for GFS purposes. Those ABS GFS Manual principles and rules are required to be applied in the presentation of the whole of government statement of financial position and the GGS statement of financial position to the extent that they do not conflict with AASB 101.