

AASB 1051 *Land Under Roads* vs. *IFRS for SMEs*

1. Executive Summary

Main differences in recognition, measurement or presentation requirements

Recognition of land under roads

There is no section in the *IFRS for SMEs* that directly corresponds to AASB 1051. Whilst AASB 1051 permits certain entities to elect whether or not to recognise land under roads acquired before the end of the first reporting period ending on or after 31 December 2007 at cost or fair value, *IFRS for SMEs* Section 17 *Property, Plant and Equipment* requires recognition and measurement at cost.

AASB 1051 only applies to local governments, government departments, whole of governments and general government sectors (GGs). Local governments, whole of governments and GGs would not have the option of adopting the Reduced Disclosure Regime (RDR).

Disclosure proposals

It is proposed not to exclude any paragraphs from the RDR.

2. Analysis of disclosure requirements

	Text in AASB 1051 <i>Land Under Roads</i>	Comment
11	<p>An entity shall disclose its accounting policy for land under roads acquired before the end of the first reporting period ending on or after 31 December 2007, in each reporting period to which this Standard is applied.</p>	<p>Paragraph 11 relates to an accounting policy choice and, consistent with paragraph IN6(d) of this Appendix, should be retained in the RDR.</p>
12	<p>The nature and net amount of each adjustment made in accordance with paragraph 9 shall be disclosed.</p> <p>[for information, paragraphs 8 and 9 of AASB 1051 state:</p> <p>An entity may elect to recognise (including continue to recognise or to recognise for the first time), subject to satisfaction of the asset recognition criteria, or not to recognise (including continue not to recognise or to derecognise) as an asset, land under roads acquired before the end of the first reporting period ending on or after 31 December 2007.</p> <p>An entity shall make a final election under paragraph 8 effective as at the first day of the next reporting period following the end of the first reporting period ending on or after 31 December 2007. Any adjustments that arise from a final election that is made effective as at that first day shall be made against the opening balance of accumulated surplus (deficiency) of that next reporting period.]</p>	<p>Paragraph 12 relates to an accounting policy choice and, consistent with paragraph IN6(d) of this Appendix. It is relevant to note that paragraph 12 only applies to the year ended 30 June 2009 (for June balancing entities), therefore most entities affected would already have complied with the requirement prior to adoption of the RDR.</p>

3. AASB 1051 *Land Under Roads*: Text of Proposed Disclosures

The following are the disclosure requirements of AASB 1051 *Land Under Roads*. It is proposed that they be retained without amendment in the RDR.

- 11 An entity shall disclose its accounting policy for land under roads acquired before the end of the first reporting period ending on or after 31 December 2007, in each reporting period to which this Standard is applied.**
- 12 The nature and net amount of each adjustment made in accordance with paragraph 9¹ shall be disclosed.**

¹ Paragraph 9: “An entity shall make a final election under paragraph 8 effective as at the first day of the next reporting period following the end of the first reporting period ending on or after 31 December 2007. Any adjustments that arise from a final election that is made effective as at that first day shall be made against the opening balance of accumulated surplus (deficiency) of that next reporting period.”