

Explanatory Statement

Accounting Standard AASB 2007-8
Amendments to Australian Accounting
Standards arising from AASB 101

September 2007



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Reasons for Issuing AASB 2007-8

Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 January 2005 include International Financial Reporting Standards (IFRSs). IFRSs are issued by the International Accounting Standards Board (IASB). Their adoption in Australia by the Australian Accounting Standards Board (AASB) is in accordance with a strategic direction made by the Financial Reporting Council (FRC).

The AASB has decided it will continue to issue sector-neutral Standards, that is, Standards applicable to both for-profit and not-for-profit entities, including public sector entities. Except for Standards that are specific to the not-for-profit or public sectors or that are of a purely domestic nature, the AASB is using the IASB Standards as the “foundation” Standards to which it adds material detailing the scope and applicability of a Standard in the Australian environment. Additions are made, where necessary, to broaden the content to cover sectors not addressed by an IASB Standard and domestic, regulatory or other issues.

This Standard, AASB 2007-8, amends Australian Accounting Standards (including Interpretations). These amendments arise from the issuance in September 2007 of a revised AASB 101 *Presentation of Financial Statements*, as a result of the issuance by the IASB of a revised IAS 1 *Presentation of Financial Statements*.

Main Features of AASB 2007-8

Application Date

This Standard is applicable to annual reporting periods beginning on or after 1 January 2009. Early adoption is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2009, provided AASB 101 issued in October 2007 is also adopted for the same period.

Main Requirements

The revision of AASB 101 necessitates consequential amendments to Australian Accounting Standards (including Interpretations).

This Amending Standard also changes the term ‘general purpose financial report’ to ‘general purpose financial statements’ and the term ‘financial report’ to ‘financial statements’ in application paragraphs, where relevant, of

Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.

Consultation Prior to Issuing AASB 2007-8

The AASB issued Exposure Draft ED 148 *Proposed Amendments to AASB 101 Presentation of Financial Statements: A Revised Presentation*, the Australian equivalent to the IASB Exposure Draft of *Proposed Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation*, in April 2006. The AASB's ED 148:

- (a) reproduced the IASB proposals without amendment and sought constituents' views on the IASB's proposed amendments; and
- (b) identified differences between AASB 101 and IAS 1 and provided the AASB's then preliminary views on each difference and sought constituents' comments on those views.

One hundred and seventy-seven submissions were received in respect of the proposals in the ED and although there was support for adopting an Australian equivalent to the proposed revised IAS 1, there was concern about the proposed changes to commentary supporting the IASB's definition of general purpose financial statements. The commentary supporting the IASB's definition of general purpose financial statements has not been included in the revised versions of IAS 1 and AASB 101.

A Regulatory Impact Statement has not been prepared in connection with the issue of this Standard as the amendments made do not have a substantial direct or indirect impact on business or competition, are of a minor or machinery nature or clarify existing requirements.