

Explanatory Statement

Accounting Standard AASB 2011- 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

August 2011



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Standards Amended by AASB 2011-7

The Standard makes amendments to the following Australian Accounting Standards and Interpretations:

1. AASB 1 *First-time Adoption of Australian Accounting Standards*
2. AASB 2 *Share-based Payment*
3. AASB 3 *Business Combinations*
4. AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*
5. AASB 7 *Financial Instruments: Disclosures*
6. AASB 9 *Financial Instruments* (December 2009)
7. AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*
8. AASB 9 *Financial Instruments* (December 2010)
9. AASB 101 *Presentation of Financial Statements*
10. AASB 107 *Statement of Cash Flows*
11. AASB 112 *Income Taxes*
12. AASB 118 *Revenue*
13. AASB 121 *The Effects of Changes in Foreign Exchange Rates*
14. AASB 124 *Related Party Disclosures*
15. AASB 132 *Financial Instruments: Presentation*
16. AASB 133 *Earnings per Share*
17. AASB 136 *Impairment of Assets*
18. AASB 138 *Intangible Assets*
19. AASB 139 *Financial Instruments: Recognition and Measurement*

20. AASB 1023 *General Insurance Contracts*
21. AASB 1038 *Life Insurance Contracts*
22. Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
23. Interpretation 9 *Reassessment of Embedded Derivatives*
24. Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
25. Interpretation 17 *Distributions of Non-cash Assets to Owners*.

These amendments arise from the issuance of AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* in August 2011.

Main Features of AASB 2011-7

This Standard gives effect to the many consequential changes arising from the issuance of the five Standards. For example, references to AASB 127 *Consolidated and Separate Financial Statements* are amended to AASB 10 *Consolidated Financial Statements* or AASB 127 *Separate Financial Statements*, and references to AASB 131 *Interests in Joint Ventures* are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).

Application Date

This Standard applies to annual reporting periods beginning on or after 1 January 2013. This Standard is applied when AASB 10, AASB 11, AASB 12, AASB 127 and AASB 128 are applied. Earlier application is permitted by for-profit entities, but not by not-for-profit entities, for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013.

Consultation Prior to Issuing 2011-7

The AASB issued Exposure Draft ED 157 *Joint Arrangements* in October 2007 and Exposure Draft ED 171 *Consolidated Financial Statements* in December 2008. ED 157 reproduced the proposals included in the IASB's Exposure Draft ED 9 *Joint Arrangements* (September 2007) and ED 171 reproduced the proposals included in the IASB's Exposure Draft ED 10 *Consolidated Financial Statements* (December 2008) without amendment.

The two Exposure Drafts proposed amendments to the accounting and disclosure requirements of entities with interests in a joint arrangements and entities with interests in subsidiaries.

The AASB received fifteen submissions from Australian constituents on the Exposure Drafts. Submissions received were generally supportive.

The amendments to other Australian Accounting Standards in AASB 2010-7 are a consequent of the issuance of AASB 10, AASB 11, AASB 12, AASB 127 and AASB 128.

A Regulation Impact Statement has not been prepared in connection with the issuance of AASB 2011-7 as the amendments made do not have a substantial direct or indirect impact on business or competition.