

Explanatory Statement

**Accounting Standard AASB 2011-
10 *Amendments to Australian Accounting
Standards arising from AASB 119
Employee Benefits (September 2011)***

September 2011



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Standards Amended by AASB 2011-10

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

1. AASB 1 *First-time Adoption of Australian Accounting Standards*
2. AASB 8 *Operating Segments*
3. AASB 101 *Presentation of Financial Statements*
4. AASB 124 *Related Party Disclosures*
5. AASB 134 *Interim Financial Reporting*
6. AASB 1049 *Whole of Government and General Government Sector Financial Reporting*
7. AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
8. Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

These amendments arise from the issuance of AASB 119 *Employee Benefits* in September 2011.

Main Features of AASB 2011-10

Main Requirements

These amendments are a consequence of revised AASB 119 *Employee Benefits* (September 2011). The main changes in AASB 119 (September 2011) relate to the accounting for defined benefit plans and are to:

- eliminate the option to defer the recognition of gains and losses (the 'corridor method');
- require remeasurements to be presented in other comprehensive income; and
- enhance the disclosure requirements relating to defined benefit plans.

Application Date

AASB 2011-10 applies to annual reporting periods beginning on or after 1 January 2013. Early adoption is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013 provided AASB 119 (September 2011) is applied for the same period. If an entity applies AASB 2011-10 to such an annual reporting period, it shall disclose that fact.

Consultation Prior to Issuing AASB 2011-10

The AASB issued Exposure Draft ED 195 *Defined Benefit Plans (proposed amendments to AASB 119)* in May 2010. ED 195 reproduced the proposals included in the IASB's Exposure Draft ED/2010/3 *Defined Benefit Plans – Proposed amendments to IAS 19* (April 2010) without amendment.

The AASB received nine submissions from Australian constituents on ED 195. Submissions received were generally supportive and were used as input into the AASB's submission to the IASB. The IASB considered the comments it received in finalising IAS 19, relevant parts of which are incorporated into AASB 2011-10.

A Regulation Impact Statement has not been prepared in connection with the issuance of AASB 2011-10 as the amendments made do not have a substantial direct or indirect impact on business or competition.