

# **Explanatory Statement**

## **Accounting Standard AASB 2012-6**

### ***Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures***

**September 2012**



**Australian Government**

**Australian Accounting  
Standards Board**

# EXPLANATORY STATEMENT

## Reasons for Issuing AASB 2012-6

AASB 2012-6 makes amendments to the following Australian Accounting Standards:

- (a) AASB 9 *Financial Instruments* (December 2009);
- (b) AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*;
- (c) AASB 9 *Financial Instruments* (December 2010);
- (d) AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*;
- (e) AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*; and
- (f) AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*.

Various other Standards and Interpretations are amended through those Standards.

These amendments arise from the issuance of *Mandatory Effective Date and Transition Disclosures* (Amendments to IFRS 9 and IFRS 7) by the International Accounting Standards Board in December 2011.

## Main Features of AASB 2012-6

AASB 2012-6 amends the mandatory effective date of AASB 9 (December 2009) and AASB 9 (December 2010) so that either Standard can be applied early and so that AASB 9 (December 2010) is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013. This Standard also modifies the relief from restating prior periods by amending AASB 7 *Financial Instruments: Disclosures* to require additional disclosures on transition from AASB 139 *Financial Instruments: Recognition and Measurement* to AASB 9 in some circumstances.

The change in the mandatory effective date requires amendments to AASB 9 (December 2009) and AASB 9 (December 2010) to incorporate amendments from later-issued Standards that will still apply from 1 January 2013 – AASB 2011-7 and AASB 2011-8.

Further amendments are also required to numerous consequential amendments arising from AASB 9 that will now apply from 1 January 2015 instead of 1 January 2013 and to numerous consequential amendments arising out of the Standards that will still apply from 1 January 2013.

No reduced disclosure requirements in relation to the disclosures added by this Standard to AASB 7 have been specified.

## Application Date

This Standard applies to annual reporting periods beginning on or after 1 January 2013. Early application is permitted for annual reporting periods ending on or after 31 December 2009 that begin before 1 January 2013.

## Consultation Prior to Issuing this Standard

The AASB issued Exposure Draft ED 215 *Mandatory Effective Date of AASB 9* [proposed amendment to AASB 9 (December 2009) and AASB 9 (December 2010)] in August 2011. ED 215 reproduced the proposals in the IASB's Exposure Draft ED/2011/3 *Mandatory Effective Date of IFRS 9* (August 2011).

The AASB received five submissions from Australian constituents on ED 215. Submissions received were generally supportive of the proposals. The AASB considered the comments it received in making its submission to the IASB on ED/2011/3 and in finalising AASB 2012-6.

The AASB also issued Invitation to Comment ITC 26 *Disclosures on Transition to AASB 9* [proposed amendments to AASB 9 (December 2009), AASB 9 (December 2010) and AASB 7] in March 2012. ITC 26 reproduced the new transitional disclosure requirements in the IASB's International Financial Reporting Standard *Mandatory Effective Date and Transition Disclosures* (Amendments to IFRS 9 and IFRS 7) (December 2011) for comment by Australian constituents, as these requirements had not been exposed previously.

The AASB requested comments from constituents who disagreed that the disclosures included in ITC 26 should be incorporated into Australian Accounting Standards and that the Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2) disclosure requirements should be the same as the Tier 1 requirements. The AASB received no comments disagreeing with the proposals.

A Regulation Impact Statement (RIS) has not been prepared specifically in connection with the issuance of AASB 2012-6 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.

## **Statement of Compatibility with Human Rights**

This Standard is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

This Standard is issued by the AASB in furtherance of the objective of facilitating the Australian economy. It does not diminish or limit any of the applicable human rights or freedoms, and thus does not raise any human rights issues.