

Explanatory Statement

Accounting Standard AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*

December 2012



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Introduction

AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments* makes amendments to the Australian Accounting Standards and Interpretation listed in paragraph 1 of the Standard.

These amendments arise from the following sources:

- (a) the issuance of International Financial Reporting Standard *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to IFRS 10, IFRS 11 and IFRS 12) by the International Accounting Standards Board (IASB) in June 2012;
- (b) the decision of the AASB in September 2012 to defer the mandatory application of AASB 10 *Consolidated Financial Statements* and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014;
- (c) editorial corrections made by the IASB to its Standards and Interpretations (IFRSs); and
- (d) editorial corrections made by the AASB to its pronouncements.

Main Features of the Standard

Main Requirements

The amendments to AASB 10 and related Standards revise the transition guidance relevant to the initial application of those Standards, to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. These amendments result from proposals issued in AASB Exposure Draft ED 224 *Transition Guidance* (December 2011).

Further amendments to AASB 10 and related Standards revise their application paragraphs, so that they apply mandatorily to not-for-profit entities for annual reporting periods beginning on or after 1 January 2014, with early application permitted for not-for-profit entities only from 1 January 2013. The application of the amendments set out in AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* is similarly amended.

There is no change to the application date for for-profit entities, which are required to apply those Standards for annual reporting periods beginning on or after 1 January 2013, with early application permitted.

AASB 2012-10 also makes various editorial amendments to a range of Australian Accounting Standards and to Interpretation 12 *Service Concession Arrangements*, including amendments to reflect changes made to the text of IFRSs by the IASB.

Application Date

The Standard applies to annual reporting periods beginning on or after 1 January 2013. Early application is permitted, subject to conditions in relation to the amendments to AASB 10 and related Standards.

Consultation Prior to Issuing the Standard

Public consultation was part of the process in developing the AASB's submission on IASB Exposure Draft ED/2011/7 *Transition Guidance*, issued by the IASB for public comment. The AASB received submissions from seven Australian constituents on AASB ED 224 *Transition Guidance* (December 2011), which were generally supportive of the proposals. The IASB considered the comments submitted on its Exposure Draft including the AASB's submission, before finalising amendments to its Standards. AASB 2012-10 makes amendments to AASB 10, AASB 11 *Joint Arrangements* and AASB 12 *Disclosure of Interests in Other Entities* to reflect those amendments made by the IASB.

The AASB's deferral of the application date of AASB 10 and related Standards acknowledges that the AASB is still developing implementation guidance to assist not-for-profit entities to apply those Standards. The implementation guidance will be finalised through a public consultation process.

No consultation was necessary in respect of the editorial corrections made by AASB 2012-10, given their non-substantive nature.

A Regulation 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.

Statement of Compatibility with Human Rights

AASB 2012-10 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*.

The 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.