

Amendments to Australian Accounting Standards



Australian Government

**Australian Accounting
Standards Board**

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ISSN 1036-4803

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(available on the AASB website)

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IASB BASIS FOR CONCLUSIONS – AMENDMENTS

(available on the AASB website)

IN RELATION TO PART C:

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IN RELATION TO PART D:

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IN RELATION TO PART E:

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Australian Accounting Standard AASB 2014-1 *Amendments to Australian Accounting Standards* is set out in paragraphs 1 – 107 and the Appendix. All the paragraphs have equal authority.

PREFACE

Introduction

This Standard makes amendments to the Australian Accounting Standards and Interpretations listed in the Appendix to this Standard.

The Standard comprises Parts A-E, each of which is addressed below.

Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles

Main Requirements

Part A of this Standard makes various amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle*.

It also makes various editorial corrections to Australian Accounting Standards (including an Interpretation).

Application Date

Part A of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014, except as set out in paragraph 11. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 July 2014, except as set out in paragraph 12.

The insertion of early application conditions in the individual Standards and Interpretations means that the amendments (or sets of amendments) to each of those Standards and Interpretations can be applied separately.

Part B – Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)

Main Requirements

Part B of this Standard makes amendments to AASB 119 *Employee Benefits* in relation to the requirements for contributions from employees or third parties that are linked to service which arise from the issuance of International Financial Reporting Standard *Defined Benefit Plans–Employee Contributions* (Amendments to IAS 19).

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. Examples of contributions that are independent of the number of years of service include those that are a fixed percentage of the employee's salary, a fixed amount throughout the service period or dependent on the employee's age.

In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of AASB 119 (which is unamended by AASB 2014-1) for the gross benefit (i.e. either using the plan's contribution formula or on a straight-line basis).

Application Date

Part B of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 July 2014.

Part C – Materiality

Main Requirements

As noted in the Preface to AASB 1031 *Materiality* (July 2004), at the time AASB 1031 was issued, the *Framework for the Preparation and Presentation of Financial Statements* contained limited guidance on materiality in comparison to AASB 1031. Accordingly, as part of the AASB's initial implementation of the Financial Reporting Council's policy of adopting the Standards of the IASB for application to reporting periods beginning on or after 1 January 2005, the AASB decided to retain AASB 1031, in a revised format, to ensure that the meaning of materiality remained well explained.

The AASB has a policy of not providing unnecessary local guidance on matters covered by IFRSs. As a consequence, the AASB decided to withdraw AASB 1031 – as was proposed in AASB Exposure Draft ED 243 *Withdrawal of AASB 1031 Materiality* (June 2013). Accordingly, in December 2013 the AASB re-issued AASB 1031 as an interim Standard that cross-references to other pronouncements that contain guidance on materiality. AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*

deleted certain references to AASB 1031 in a range of other Standards, as listed in that Standard. Once all references to AASB 1031 have been deleted from all Australian Accounting Standards, AASB 1031 will be withdrawn.

Part C of this Standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031.

Application Date

Part C of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2014 but before 1 July 2014.

Part D – Consequential Amendments arising from AASB 14 *Regulatory Deferral Accounts*

Main Requirements

Part D of this Standard makes amendments to AASB 1 *First-time Adoption of Australian Accounting Standards*, which arise from the issuance of AASB 14 *Regulatory Deferral Accounts* in June 2014.

AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. However, to enhance comparability with entities that already apply Australian Accounting Standards and do not recognise such amounts, AASB 14 requires that the effect of rate regulation must be presented separately from other items. An entity that is not a first-time adopter of Australian Accounting Standards will not be able to apply AASB 14.

Application Date

Part D of this Standard (and AASB 14) is applicable to annual reporting periods beginning on or after 1 January 2016. If AASB 14 is early applied, Part D of AASB 2014-1 shall be applied for that earlier period. Early application is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2016.

Part E – Financial Instruments

Main Requirements

Part E of this Standard defers the application date of AASB 9 *Financial Instruments* (December 2009), AASB 9 *Financial Instruments* (December 2010) and the related consequential amendments in AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* so that AASB 9 and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018.

Part E of this Standard also makes further consequential amendments to numerous other Standards as a consequence of the introduction of hedge accounting requirements into AASB 9 (December 2010) in December 2013. These consequential amendments include consequential amendments that had been made by Part C of AASB 2013-9, but which need to be remade in order to be effective, in view of procedural issues with repealed Accounting Standards. These consequential amendments also include amendments to the hedge accounting disclosures set out in AASB 7 *Financial Instruments: Disclosures* and to AASB 132 *Financial Instruments: Presentation* to permit irrevocable designation of ‘own use contracts’ as measured at fair value through profit or loss if the designation eliminates or significantly reduces an accounting mismatch.

Part E of this Standard adds to or amends the Australian Accounting Standards – Reduced Disclosure Requirements for AASB 7 and AASB 101 *Presentation of Financial Statements*. AASB 1053 *Application of Tiers of Australian Accounting Standards* provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.

Part E of this Standard also makes various editorial corrections to Australian Accounting Standards.

Application Date

Part E of this Standard applies to annual reporting periods beginning on or after 1 January 2015, except as set out in paragraph 56. Earlier application is permitted for annual reporting periods ending on or after 31 December 2009 that begin before 1 January 2015, except as set out in paragraph 57.

ACCOUNTING STANDARD AASB 2014-1

The Australian Accounting Standards Board makes Accounting Standard AASB 2014-1 *Amendments to Australian Accounting Standards* under section 334 of the *Corporations Act 2001*.

Dated 4 June 2014

Kevin M. Stevenson
Chair – AASB

ACCOUNTING STANDARD AASB 2014-1

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS

Objective

- 1 The objective of this Standard is to make amendments to the Standards and Interpretations listed in the Appendix:
 - (a) as a consequence of the issuance of International Financial Reporting Standards *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle* by the International Accounting Standards Board (IASB) in December 2013, and to make editorial corrections, as set out in Part A of this Standard;
 - (b) as a consequence of the issuance of International Financial Reporting Standard *Defined Benefit Plans: Employee Contributions* (Amendments to IAS 19) by the IASB in November 2013, as set out in Part B of this Standard;
 - (c) to delete references to AASB 1031 *Materiality* in other Australian Accounting Standards, as set out in Part C of this Standard;
 - (d) as a consequence of the issuance of AASB 14 *Regulatory Deferral Accounts* in June 2014, as set out in Part D of this Standard; and
 - (e) as a consequence of the issuance of International Financial Reporting Standard *IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)* by the IASB in November 2013 and to defer the mandatory application date of AASB 9 *Financial Instruments* (December 2009), AASB 9 *Financial Instruments* (December 2010) and the related consequential amendments originally set out in AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*, and to make editorial corrections, as set out in Part E of this Standard.

Application

- 2 **Subject to paragraphs 3-6, this Standard applies to:**
 - (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**
 - (b) **general purpose financial statements of each other reporting entity; and**
 - (c) **financial statements that are, or are held out to be, general purpose financial statements.**
- 3 **In respect of AASB 8, this Standard applies to:**
 - (a) **each for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**
 - (b) **general purpose financial statements of each other for-profit reporting entity other than for-profit government departments; and**
 - (c) **financial statements of a for-profit entity other than for-profit government departments that are, or are held out to be, general purpose financial statements.**
- 4 **In respect of AASB 101 and AASB 108, this Standard applies to:**
 - (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;**
 - (b) **general purpose financial statements of each reporting entity; and**

(c) financial statements that are, or are held out to be, general purpose financial statements.

5 In respect of AASB 120, this Standard applies to:

- (a) each for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
- (b) general purpose financial statements of each other for-profit reporting entity; and
- (c) financial statements of a for-profit entity that are, or are held out to be, general purpose financial statements.

6 In respect of AASB 1052, this Standard applies to general purpose financial statements of local governments and government departments.

7 This Standard applies to annual reporting periods beginning on or after 1 July 2014, except as specified in each Part.

8 This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2014, except as specified in each Part. When an entity applies a Part of this Standard to such an annual reporting period, it shall disclose that fact.

9 This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard or an Interpretation, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

Commencement

10 This Standard commences on the day this Standard is made by the Australian Accounting Standards Board.

Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles

Application Date

11 Part A of this Standard applies to annual reporting periods beginning on or after 1 July 2014, except as specified in paragraphs 19 and 21.

12 Part A of this Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2014, except that the amendments to AASB 9 may be applied early only as set out in that Standard. The insertion of early application conditions in the individual Standards means that the amendments (or sets of amendments) to each of those Standards can be applied separately from the other amendments provided the particular early application conditions are satisfied.

Annual Improvements

Amendments to AASB 2

13 In paragraph 15(b) the first reference to the term ‘performance condition’ is italicised.

14 In paragraph 19 the first reference to the term ‘vesting conditions’ is no longer italicised and the reference to ‘vesting condition’ is italicised.

15 Paragraph 63B is added:

63B AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraphs 15 and 19. In Appendix A, the definitions of ‘vesting conditions’ and ‘market condition’ were amended and the definitions of ‘performance condition’ and ‘service condition’ were added. An entity shall prospectively apply that amendment to share-based payment transactions for which the grant date is on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

16 In Appendix A, the definitions of ‘market condition’ and ‘vesting conditions’ are amended and the definitions of ‘performance condition’ and ‘service condition’ are added as follows (new text is underlined and deleted text is struck through):

market condition

A **performance condition** ~~condition~~ upon which the exercise price, vesting or exercisability of an **equity instrument** depends that is related to the market price (or value) of the entity's **equity instruments** (or the equity instruments of another entity in the same group), such as:

- (a) attaining a specified share price or a specified amount of **intrinsic value** of a **share option**; or
- (b) achieving a specified target that is based on the market price (or value) of the entity's **equity instruments** (or the equity instruments of another entity in the same group) relative to an index of market prices of **equity instruments** of other entities.

A market condition requires the counterparty to complete a specified period of service (ie a **service condition**); the service requirement can be explicit or implicit.

performance condition

A **vesting condition** that requires:

- (a) the counterparty to complete a specified period of service (ie a **service condition**); the service requirement can be explicit or implicit; and
- (b) specified performance target(s) to be met while the counterparty is rendering the service required in (a).

The period of achieving the performance target(s):

- (a) shall not extend beyond the end of the service period; and
- (b) may start before the service period on the condition that the commencement date of the performance target is not substantially before the commencement of the service period.

A performance target is defined by reference to:

- (a) the entity's own operations (or activities) or the operations or activities of another entity in the same group (ie a non-market condition); or
- (b) the price (or value) of the entity's **equity instruments** or the equity instruments of another entity in the same group (including shares and **share options**) (ie a **market condition**).

A performance target might relate either to the performance of the entity as a whole or to some part of the entity (or part of the group), such as a division or an individual employee.

service condition

A **vesting condition** that requires the counterparty to complete a specified period of service during which services are provided to the entity. If the counterparty, regardless of the reason, ceases to provide service during the **vesting period**, it has failed to satisfy the condition. A service condition does not require a performance target to be met.

vesting conditions

~~The A conditions that determines whether the entity receives the services that entitle the counterparty to receive cash, other assets or **equity instruments** of the entity, under a **share-based payment arrangement**. A ~~v~~vesting conditions ~~are~~ is either service conditions a **service condition** or performance conditions a **performance condition**. Service conditions require the counterparty to complete a specified period of service. Performance conditions require the counterparty to complete a specified period of service and specified performance targets to be met (such as a specified increase in the entity's profit over a specified period of time). A performance condition might include a **market condition**.~~

Amendments to AASB 3

17 Paragraphs 2, 40 and 58 are amended as follows (new text is underlined and deleted text is struck through) and paragraphs 64I, 64J and 67A and its related heading are added:

- 2 This Standard applies to a transaction or other event that meets the definition of a business combination. This Standard does not apply to:
 - (a) the accounting for the formation of a ~~joint venture~~ joint arrangement in the financial statements of the joint arrangement itself.
 - (b) ...

- 40 The acquirer shall classify an obligation to pay contingent consideration that meets the definition of a financial instrument as a financial liability or as equity on the basis of the definitions of an equity instrument and a financial liability in paragraph 11 of AASB 132 *Financial Instruments: Presentation*, ~~or other applicable Australian Accounting Standards~~. The acquirer shall classify as an asset a right to the return of previously transferred consideration if specified conditions are met. Paragraph 58 provides guidance on the subsequent accounting for contingent consideration.
- 58 ... The acquirer shall account for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:
- (a) ...
- (b) Other cContingent consideration classified as an asset or a liability that:
- (i) is a financial instrument and is within the scope of AASB 9 shall be measured at fair value at each reporting date, with any resulting gain or loss recognised either in profit or loss or in other comprehensive income and changes in fair value shall be recognised in profit or loss in accordance with AASB 9.
- (ii) is not within the scope of AASB 9 shall be accounted for in accordance with AASB 137 or other Australian Accounting Standards as appropriate measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.
- 64I AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraphs 40 and 58 and added paragraph 67A and its related heading. An entity shall apply that amendment prospectively to business combinations for which the acquisition date is on or after 1 July 2014. Earlier application is permitted. An entity may apply the amendment earlier provided that AASB 9 and AASB 137 (both as amended by Part A of AASB 2014-1) have also been applied. If an entity applies that amendment earlier it shall disclose that fact.
- 64J AASB 2014-1, issued in June 2014, amended paragraph 2(a). An entity shall apply that amendment prospectively for annual reporting periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Reference to AASB 9

- 67A If an entity applies this Standard but does not yet apply AASB 9, any reference to AASB 9 should be read as a reference to AASB 139.

Amendments to AASB 8

- 18 Paragraphs 22 and 28 are amended as follows (new text is underlined and deleted text is struck through) and paragraph 36C is added:
- 22 An entity shall disclose the following general information:
- (a) factors used to identify ... have been aggregated); ~~and~~
- (aa) the judgements made by management in applying the aggregation criteria in paragraph 12. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics; and
- (b) ...
- 28 An entity shall provide reconciliations of all of the following:
- (a) ...
- (c) the total of the reportable segments' assets to the entity's assets if the segment assets are reported in accordance with paragraph 23;
- (d) ...
- 36C AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraphs 22 and 28. An entity shall apply those amendments for annual reporting periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.

Amendments to AASB 9 (December 2009)

- 19 The amendments in paragraph 20 apply when AASB 9 (December 2009) is applied or operative. If an entity applies AASB 9 (December 2009) early to an annual reporting period beginning on or after 1 July 2014, it shall apply these amendments at the same time. These amendments may be applied to annual reporting periods ending on or after 31 December 2009 that begin before 1 July 2014.
- 20 Paragraph 5.4.4 of AASB 9 (December 2009) is amended as follows (new text is underlined) and paragraph 8.1.4 is added:
- 5.4.4 At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this Standard that is not held for trading and is also not contingent consideration of an acquirer in a business combination to which AASB 3 *Business Combinations* applies.**
- 8.1.4 AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraph 5.4.4 as a consequential amendment derived from the amendments to paragraphs 40, 58 and 67A of AASB 3. An entity shall apply that amendment prospectively to business combinations to which the amendment to AASB 3 applies.

Amendments to AASB 9 (December 2010)

- 21 The amendments in paragraph 22 apply when AASB 9 (December 2010) is applied or operative. If an entity applies AASB 9 (December 2010) early to an annual reporting period beginning on or after 1 July 2014, it shall apply these amendments at the same time. These amendments may be applied to annual reporting periods ending on or after 31 December 2009 that begin before 1 July 2014.
- 22 Paragraphs 4.2.1 and 5.7.5 of AASB 9 (December 2010) are amended as follows (new text is underlined) and paragraph 7.1.3 is added:
- 4.2.1 An entity shall classify all financial liabilities as subsequently measured at amortised cost using the effective interest method, except for:**
- (a) ...
- (e) **contingent consideration of an acquirer in a business combination to which AASB 3 *Business Combinations* applies. Such contingent consideration shall subsequently be measured at fair value.**
- 5.7.5 At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this Standard that is not held for trading and is also not contingent consideration of an acquirer in a business combination to which AASB 3 applies.**
- 7.1.3 AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraphs 4.2.1 and 5.7.5 as a consequential amendment derived from the amendments to paragraphs 40, 58 and 67A of AASB 3. An entity shall apply that amendment prospectively to business combinations to which the amendment to AASB 3 applies.

Amendments to AASB 13

- 23 Paragraph 52 is amended as follows (new text is underlined and deleted text is struck through) and paragraph C4 is added:
- 52 The exception in paragraph 48 applies only to financial assets, ~~and financial liabilities~~ and other contracts within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* or AASB 9 *Financial Instruments*. The references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities in AASB 132 *Financial Instruments: Presentation*.
- C4 AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraph 52. An entity shall apply that amendment for annual reporting periods beginning on or after 1 July 2014. An entity shall apply that amendment prospectively from the beginning of the annual reporting period in which AASB 13 was initially applied. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendments to AASB 116

- 24 Paragraph 35 is amended as follows (new text is underlined and deleted text is struck through) and paragraphs 80A and 81H are added:

- 35 When an item of property, plant and equipment is revalued, ~~any accumulated depreciation~~ the carrying amount of that asset is adjusted to the revalued amount. ~~At the date of the revaluation, the asset is treated in one of the following ways:~~
- (a) ~~restated proportionately~~ the gross carrying amount is adjusted in a manner that is consistent with the change in the gross carrying amount of the asset so that revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to determine its replacement cost (see AASB 13); or
 - (b) ~~the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. This method is often used for buildings.~~

The amount of the adjustment ~~arising on the restatement or elimination~~ of accumulated depreciation forms part of the increase or decrease in carrying amount that is accounted for in accordance with paragraphs 39, Aus39.1, 40, Aus40.1 and Aus40.2.

- 80A Paragraph 35 was amended by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply that amendment to all revaluations recognised in annual reporting periods beginning on or after the date of initial application of that amendment and in the immediately preceding annual reporting period. An entity may also present adjusted comparative information for any earlier periods presented, but it is not required to do so. If an entity presents unadjusted comparative information for any earlier periods, it shall clearly identify the information that has not been adjusted, state that it has been presented on a different basis and explain that basis.

- 81H AASB 2014-1, issued in June 2014, amended paragraph 35 and added paragraph 80A. An entity shall apply that amendment for annual reporting periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendments to AASB 124

- 25 Paragraph 9 is amended as follows (new text is underlined) and paragraphs 17A, 18A and 28C are added:

- 9 The following terms are used in this Standard with the meanings specified:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

- (a) ...
- (b) **An entity is related to a reporting entity if any of the following conditions applies:**
 - (i) ...
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.**

...

- 17A If an entity obtains key management personnel services from another entity (the ‘management entity’), the entity is not required to apply the requirements in paragraph 17 to the compensation paid or payable by the management entity to the management entity’s employees or directors.**

- 18A Amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.**

- 28C AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraph 9 and added paragraphs 17A and 18A. An entity shall apply that amendment for annual reporting periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendments to AASB 137

- 26 Paragraph 5 is amended as follows (new text is underlined and deleted text is struck through) and paragraph 99 is added:

- 5 When another Australian Accounting Standard deals with a specific type of provision, contingent liability or contingent asset, an entity applies that Standard instead of this Standard. For example, some types of provisions are addressed in Standards on:

- (a) ...
- (d) employee benefits (see AASB 119 *Employee Benefits*); ~~and~~
- (e) ... insurance contracts within the scopes of AASB 4, AASB 1023 or AASB 1038; ~~and~~
- (f) contingent consideration of an acquirer in a business combination (see AASB 3 *Business Combinations*).

99 AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraph 5 as a consequential amendment derived from the amendments to paragraphs 40, 58 and 67A of AASB 3. An entity shall apply that amendment prospectively to business combinations to which the amendment to AASB 3 applies.

Amendments to AASB 138

27 Paragraph 80 is amended as follows (new text is underlined and deleted text is struck through) and paragraphs 130H-130I are added:

80 ~~If~~ When an intangible asset is revalued, ~~any accumulated amortisation~~ the carrying amount of that asset is adjusted to the revalued amount. ~~At the date of the revaluation, the asset is either treated in one of the following ways:~~

- (a) ~~restated proportionately the gross carrying amount is adjusted in a manner that is consistent with the change in the gross carrying amount of the asset so that revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated amortisation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses after revaluation equals its revalued amount;~~ or
- (b) the accumulated amortisation is eliminated against the gross carrying amount of the asset ~~and the net amount restated to the revalued amount of the asset.~~

The amount of the adjustment of accumulated amortisation forms part of the increase or decrease in the carrying amount that is accounted for in accordance with paragraphs 85 and 86.

130H AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraph 80. An entity shall apply that amendment for annual reporting periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier reporting period it shall disclose that fact.

130I An entity shall apply the amendment made by AASB 2014-1 to all revaluations recognised in annual reporting periods beginning on or after the date of initial application of that amendment and in the immediately preceding annual reporting period. An entity may also present adjusted comparative information for any earlier reporting periods presented, but it is not required to do so. If an entity presents unadjusted comparative information for any earlier periods, it shall clearly identify the information that has not been adjusted, state that it has been presented on a different basis and explain that basis.

Amendments to AASB 139

28 Paragraph 9 is amended as follows (new text is underlined and deleted text is struck through) and paragraph 108F is added¹:

9 The following terms are used in this Standard with the meanings specified.

...

Definitions of Four Categories of Financial Instruments

A financial asset or financial liability at fair value through profit or loss is a financial asset or financial liability that meets either any of the following conditions.

(a) ...

(aa) it is contingent consideration of an acquirer in a business combination to which AASB 3 *Business Combinations* applies;

(b) ...

¹ AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* deleted the 'Definitions of Four Categories of Financial Instruments' in paragraph 9 of AASB 139. That deletion applies when AASB 9 applies, subject to the transition provisions of AASB 9.

108F AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraph 9 as a consequential amendment derived from the amendments to paragraphs 40, 58 and 67A of AASB 3. An entity shall apply that amendment prospectively to business combinations to which the amendment to AASB 3 applies.

Amendments to AASB 140

29 Before paragraph 6, a heading “Classification of property as investment property or owner-occupied property” is added.

30 Paragraph 14A is added. After paragraph 84 a heading and paragraphs 84A and 85D are added:

14A Judgement is also needed to determine whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of AASB 3 *Business Combinations*. Reference should be made to AASB 3 to determine whether it is a business combination. The discussion in paragraphs 7–14 of this Standard relates to whether or not property is owner-occupied property or investment property and not to determining whether or not the acquisition of property is a business combination as defined in AASB 3. Determining whether a specific transaction meets the definition of a business combination as defined in AASB 3 and includes an investment property as defined in this Standard requires the separate application of both Standards.

Business Combinations

84A AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, added paragraph 14A and a heading before paragraph 6. An entity shall apply that amendment prospectively for acquisitions of investment property from the beginning of the first period for which it adopts that amendment. Consequently, accounting for acquisitions of investment property in prior periods shall not be adjusted. However, an entity may choose to apply the amendment to individual acquisitions of investment property that occurred prior to the beginning of the first annual reporting period occurring on or after the effective date if, and only if, information needed to apply the amendment to those earlier transactions is available to the entity.

85D AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, added headings before paragraph 6 and after paragraph 84 and added paragraphs 14A and 84A. An entity shall apply those amendments for annual reporting periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.

Editorial Corrections

Amendments to the *Framework for the Preparation and Presentation of Financial Statements*

31 Paragraph 86 of the *Framework for the Preparation and Presentation of Financial Statements* is amended as follows (deleted text is struck through):

86 The second criterion for the recognition of an item is that it possesses a cost or value that can be measured with reliability, ~~as discussed in paragraphs 31 to 38 of this Framework.~~ ...

Amendments to AASB 2

32 In the Implementation Guidance accompanying AASB 2, the first paragraph in IG Example 8 is amended as follows (new text is underlined and deleted text is struck through):

At the beginning of year 1, the entity grants 1,000 share options to each member of its sales team, conditional upon the ~~employee's~~ employee remaining in the entity's employ ...

33 In the table in IG Example 9, the footnote reference (*) in the row for year 3 is moved from the number 83,333 to the number 110,000.

Amendments to AASB 3

34 In Appendix A, the definition of ‘contingent consideration’ is amended as follows (new text is underlined and deleted text is struck through):

Usually, an obligation of the **acquirer** to transfer additional assets or **equity interests** to the former owners of an **acquiree** as part of the exchange for ~~control~~ control of the ~~acquiree~~ acquiree if specified future events occur or conditions are met. However, contingent consideration also may give the ~~acquirer~~ acquirer the right to the return of previously transferred consideration if specified conditions are met.

Amendments to AASB 13

35 Paragraphs 27, B13(d) and B31(b) are amended as follows:

- (a) in paragraph 27, ‘highest and best use’ is amended to ‘highest and best use’;
- (b) in paragraph B13(d), ‘risk premium’ is amended to ‘risk premium’; and
- (c) in paragraph B31(b), ‘risk premium’ is amended to ‘risk premium’.

Amendments to AASB 119

36 Paragraph Aus1.6 is amended as follows (new text is underlined and deleted text is struck through):

Aus1.6 The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:

- (a) ...
- (g) **in paragraph 142, the text “, subdividing each class ... of plan asset into those that have a quoted market price in an active market (as defined in AASB 13 Fair Value Measurement³) and those that do not. For example, and considering the level of disclosure discussed in paragraph 136, an entity could distinguish between:” and associated paragraphs (a)–(h);**
- (h) **in paragraph 144, the text “Such disclosure shall ... be in absolute terms (eg as an absolute percentage, and not just as a margin between different percentages and other variables). When an entity provides disclosures in total for a grouping of plans, it shall provide such disclosures in the form of weighted averages or relatively narrow ranges.”;**
- (i) ...

37 The footnote to paragraph 142 is deleted.

Amendments to AASB 124

38 Paragraph Aus1.11 is amended as follows (new text is underlined and deleted text is struck through):

Aus1.11 The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:

- (a) **paragraphs Aus13.1, 26, and 27 and ~~Aus29.1~~ Aus29.9.3;**
 - (b) ...
 - (c) **in paragraph 22, the text “(see paragraph ~~34B~~ 42 of AASB 119 (September 2011))”.**
- ...

Amendments to AASB 139

39 Paragraphs 10, 46(c), 66 and AG65 are amended as follows (new text is underlined and deleted text is struck through)²:

10 An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument.

46 After initial recognition, an entity shall measure ...

- (a) ...
- (c) **investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such ~~unquoted~~ equity instruments, which shall be measured at cost (see Appendix A paragraphs AG80 and AG81).**

² AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) deleted paragraphs 10, 46(c), 66 and AG65. That deletion applies when AASB 9 applies, subject to the transition provisions of AASB 9.

...

- 66 If there is objective evidence that an impairment loss has been incurred on an ~~unquoted~~ equity instrument that does not have a quoted price in an active market and that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an ~~unquoted~~ equity instrument, the amount ...

AG65 ... using the effective interest ~~rate~~ method.

Amendments to AASB 1052

- 40 Paragraph 14 is amended as follows (new text is underlined and deleted text is struck through):

- 14 ~~AASB 114 Segment Reporting and AASB 8 Operating Segments~~ are ~~is~~ not applicable to local governments. The bases considered appropriate for identifying broad functions or activities of local governments would not necessarily accord with the criteria for identification of segments contained in ~~those Standards that Standard~~. However, preparers of the complete set of financial statements may find that the guidance contained in ~~those Standards that Standard~~ is useful in identifying the income, expenses and assets that are reliably attributable to the broad functions or activities of the local government.

Amendments to Interpretation 129

- 41 In paragraph 8 of Interpretation 129, a footnote is added against each of the phrases “Paragraph 15 of the *Framework for the Preparation and Presentation of Financial Statements*” and “Paragraph 21 of the *Framework*”, as follows:

In December 2013 the AASB amended the *Framework*. References to the *Framework* in this Interpretation are to the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 *Interpretation of Standards*). This paragraph was superseded by Chapter 1 of the *Framework*.

Part B – Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)

Application Date

- 42 Part B of this Standard applies to annual reporting periods beginning on or after 1 July 2014.
- 43 Part B of this Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2014. When an entity applies Part B of this Standard to such an annual reporting period, it shall disclose that fact.

Amendments to AASB 119

- 44 Paragraphs 93–94 are amended as follows (new text is underlined and deleted text is struck through):

Actuarial assumptions: salaries, benefits and medical costs

...

- 93 Contributions from employees or third parties set out in the formal terms of the plan either reduce service cost (if they are linked to service), or ~~reduce~~ affect remeasurements of the net defined benefit liability (asset) (if they are not linked to service). An example of contributions that are not linked to service is when ~~(eg if the contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses). If c~~Contributions from employees or third parties are linked to in respect of service, those contributions reduce the service cost as follows: are attributed to periods of service as a negative benefit in accordance with paragraph 70 (ie the net benefit is attributed in accordance with that paragraph).

- (a) if the amount of the contributions is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method required by paragraph 70 for the gross benefit (ie either using the plan’s contribution formula or on a straight-line basis); or
- (b) if the amount of the contributions is independent of the number of years of service, the entity is permitted to recognise such contributions as a reduction of the service cost in the period in which the related service is rendered. Examples of contributions that are independent of the number of years of service include those that are a fixed percentage of the employee’s salary, a fixed amount throughout the service period or dependent on the employee’s age.

Paragraph A1 provides related application guidance.

- 94 For contributions from employees or third parties that are attributed to periods of service in accordance with paragraph 93(a), c~~Changes in employee or third party the contributions in respect of service result in:~~
- (a) current and past service cost (if ~~those changes in employee contributions~~ are not set out in the formal terms of a plan and do not arise from a constructive obligation); or
 - (b) actuarial gains and losses (if ~~those changes in employee contributions~~ are set out in the formal terms of a plan, or arise from a constructive obligation).

45 Paragraph 175 is added as follows:

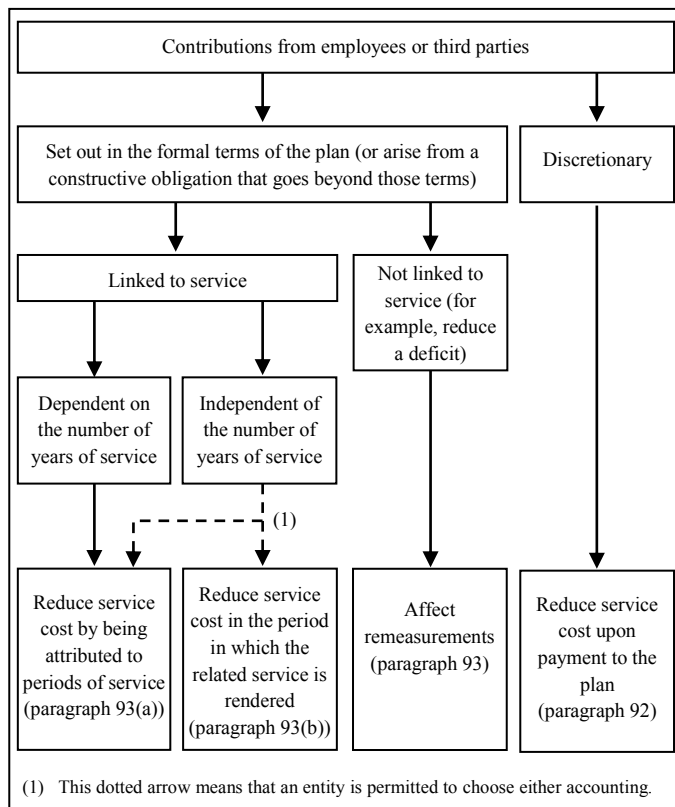
175 AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraphs 93–94. An entity shall apply those amendments for annual reporting periods beginning on or after 1 July 2014 retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

46 Appendix A is added as follows:

Appendix A Application Guidance

This appendix is an integral part of this Standard. It describes the application of paragraphs 92–93 and has the same authority as the other parts of this Standard.

A1 The accounting requirements for contributions from employees or third parties are illustrated in the diagram below.



Part C – Materiality

Application Date

- 47 Part C of this Standard applies to annual reporting periods beginning on or after 1 July 2014.
- 48 Part C of this Standard may be applied to annual reporting periods beginning on or after 1 January 2014 but before 1 July 2014. When an entity applies Part C of this Standard to such an annual reporting period it shall disclose that fact.

Deletion of References to AASB 1031

- 49 The statement in each Australian Accounting Standard that the requirements of the Standard apply where information resulting from their application is material in accordance with AASB 1031 *Materiality* is deleted from the Australian Accounting Standard as listed in the table below:

Australian Accounting Standards	Paragraphs deleted
AASB 2	Aus1.4
AASB 8	Aus2.4
AASB 13	Aus4.4
AASB 116	Aus1.4
AASB 119	Aus1.4
AASB 124	Aus1.8
AASB 138	Aus1.4
AASB 140	Aus1.4

- 50 A note is added against the paragraph number of each paragraph deleted as specified in paragraph 49, as follows:
[Deleted by the AASB]

Part D – Consequential Amendments arising from AASB 14 *Regulatory Deferral Accounts*

Application Date

- 51 Part D of this Standard applies to annual reporting periods beginning on or after 1 January 2016.
- 52 Part D of this Standard shall be applied when AASB 14 is applied. Part D of this Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2016, provided that AASB 14 is also applied to the same period. When an entity applies Part D of this Standard to such an annual reporting period, it shall disclose that fact.

Amendments to AASB 1

- 53 Paragraph 39V is added as follows:

39V AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraph D8B. An entity shall apply that amendment for annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies AASB 14 for an earlier period, the amendment shall be applied for that earlier period.

- 54 In Appendix D, paragraph D8B is amended as follows (new text is underlined and deleted text is struck through):

D8B Some entities hold items of property, plant and equipment or intangible assets that are used, or were previously used, in operations subject to rate regulation. ... For the purposes of this paragraph, operations are subject to rate regulation if they are governed by a framework for establishing the prices that can be charged to customers for goods or services and that framework is subject to oversight and/or approval by a rate regulator (as defined in AASB 14 *Regulatory Deferral Accounts*) ~~provide goods or services to customers at prices (i.e. rates) established by an authorised body empowered to establish rates that bind the customers and that are designed to recover the specific costs the entity incurs in providing the regulated goods or services and to earn a specified return. The specified return could be a minimum or range and need not be a fixed or guaranteed return.~~

Part E – Financial Instruments

Application Date

- 55 Subject to paragraph 56, Part E of this Standard applies to annual reporting periods beginning on or after 1 January 2015.
- 56 The amendments in paragraphs 64-72 of this Standard apply to annual reporting periods beginning on or after 1 January 2017. The amendments in paragraphs 73-107 of this Standard apply to annual reporting periods beginning on or after 1 January 2018.
- 57 Part E of this Standard may be applied to annual reporting periods ending on or after 31 December 2009 that begin before 1 January 2015, except that the amendments to AASB 9 *Financial Instruments* (December 2010) may be applied early only as set out in that Standard. An entity that applies AASB 9 *Financial Instruments* (December 2009) or AASB 9 (December 2010), as amended by AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*, to an annual reporting period beginning before 1 January 2015 shall apply Part E of this Standard at the same time. When an entity applies Part E of this Standard to such a reporting period, it shall disclose that fact.

Mandatory Application Date of Consequential Amendments arising from AASB 9

- 58 Subject to paragraph 59 and notwithstanding paragraph 7 of AASB 2010-7, the amendments to Australian Accounting Standards (including Interpretations) arising from AASB 9 (December 2009) originally set out in paragraphs 8-61 of AASB 2009-11 (as amended to September 2012) are deferred to apply to annual reporting periods beginning on or after 1 January 2018. These amendments cease to apply when AASB 9 (December 2010) is applied or operative.
- 59 When an entity applies AASB 9 (December 2009) to an annual reporting period ending on or after 31 December 2009 that begins before 1 January 2018, it shall at the same time apply the amendments originally set out in paragraphs 8-61 of AASB 2009-11 (as amended to September 2012).
- 60 AASB 2009-11 (as amended to September 2012) made amendments to various Australian Accounting Standards for annual reporting periods beginning on or after 1 January 2015. This Standard updates the application date of those amendments to 1 January 2018. An entity that applies AASB 9 (December 2009) to an annual reporting period beginning before 1 January 2018 shall also apply the amendments originally set out in paragraphs 8-61 of AASB 2009-11 (as amended to September 2012) until AASB 9 (December 2010) is applied or operative instead of AASB 9 (December 2009).
- 61 Subject to paragraph 62, the amendments to Australian Accounting Standards (including Interpretations) arising from AASB 9 (December 2010) originally set out in paragraphs 9-74 of AASB 2010-7 (as amended to September 2012) are deferred to apply to annual reporting periods beginning on or after 1 January 2018.
- 62 When an entity applies AASB 9 (December 2010) to an annual reporting period beginning before 1 January 2018, it shall at the same time apply the amendments originally set out in paragraphs 9-74 of AASB 2010-7 (as amended to September 2012).
- 63 AASB 2010-7 (as amended to September 2012) made amendments to various Australian Accounting Standards for annual reporting periods beginning on or after 1 January 2015. This Standard updates the application date of those amendments to 1 January 2018. An entity that applies AASB 9 (December 2010) to an annual reporting period beginning before 1 January 2018 as permitted by that Standard shall also apply the amendments originally set out in paragraphs 9-74 of AASB 2010-7 (as amended to September 2012), and may also apply the amendments set out in paragraphs 73-107 of this Standard.

Amendments to AASB 9 (December 2009)

- 64 Paragraph Aus1.3 and Aus1.4 are amended as follows (new text is underlined and deleted text is struck through):

Aus1.3 This Standard applies to annual reporting periods beginning on or after 1 January ~~2017~~ 2018.¹

¹ ~~The International Accounting Standards Board, through International Financial Reporting Standard IFRS 9 *Financial Instruments* (*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*) (November 2013) removed the mandatory effective date of IFRS 9. The application date of AASB 9 has been made for Australian legislative reasons and remains subject to review.~~

Aus1.4 This Standard may be applied to annual reporting periods ending on or after 31 December 2009 that begin before 1 January ~~2017~~ 2018. When an entity applies this Standard to an annual

reporting period beginning before 1 January ~~2017~~ 2018 it shall disclose that fact and at the same time apply the amendments in AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (as amended) and the amendments in Part E of AASB 2014-1 *Amendments to Australian Accounting Standards*.

Amendments to AASB 9 (December 2010)

65 Paragraph Aus1.3 and Aus1.7 are amended as follows (new text is underlined and deleted text is struck through):

Aus1.3 This Standard applies to annual reporting periods beginning on or after 1 January ~~2017~~ 2018. Earlier application is permitted. However, if an entity elects to apply this Standard early and has not already applied AASB 9 *Financial Instruments* issued in December 2009 (as amended), it must apply all of the requirements in this Standard at the same time (but see also paragraph Aus1.7 of this Standard). If an entity applies this Standard in its financial statements for a period beginning before 1 January ~~2017~~ 2018, it shall disclose that fact and at the same time apply the amendments in AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and the amendments in Part E of AASB 2014-1 *Amendments to Australian Accounting Standards*.[†]

[†] The International Accounting Standards Board, through International Financial Reporting Standard *IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)* (November 2013) removed the mandatory effective date of IFRS 9. The application date of AASB 9 has been made for Australian legislative reasons and remains subject to review.

Aus1.7 When applied or operative, this Standard supersedes AASB 9 issued in December 2009 (as amended). However, for annual reporting periods beginning before 1 January ~~2017~~ 2018, an entity may elect to apply AASB 9 issued in December 2009 (as amended) or this Standard as amended to September 2012, instead of applying this Standard (as amended to ~~December 2013~~ June 2014).

66 Paragraph 5.3.2 is amended as follows (new text is underlined):

5.3.2 An entity shall apply the hedge accounting requirements in paragraphs 6.5.8-6.5.14 (and, if applicable, paragraphs 89-94 of AASB 139 for the fair value hedge accounting for a portfolio hedge of interest rate risk) to a financial liability that is designated as a hedged item.

67 In paragraph 6.4.1(c)(iii), 'hedge ratio' is no longer italicised.

68 In paragraph 6.5.10, 'effective interest rate' is italicised.

69 In Appendix A, 'effective interest rate' is added, above 'equity method', to the list of terms used in AASB 9 but defined by another Standard.

70 In paragraph B6.5.24(a), 'fixed-rates' is amended to 'fixed rates'. In the last sentence of paragraph B6.5.24(b), 'maturity periods' is amended to 'maturity period'.

71 Paragraph B6.5.33 is amended to read as follows:

B6.5.33 If the actual time value and the aligned time value differ, an entity shall determine the amount that is accumulated in a separate component of equity in accordance with paragraph 6.5.15 as follows:

- (a) ...
- (b) ...
 - (i) the actual time value; and
 - (ii) the aligned time value.

Any remainder of the change in fair value of the actual time value shall be recognised in profit or loss.

72 Paragraph B6.5.36(a) is amended as follows (new text is underlined and deleted text is struck through):

B6.5.36 The accounting for the forward element of a forward contract in accordance with paragraph 6.5.16 also applies if, at the date on which the forward contract is designated as a hedging instrument, the forward element is nil. In that case, an entity shall recognise any fair value changes attributable to the forward element in other comprehensive income, even though the cumulative fair value change attributable to the forward element over the total period of the hedging relationship is nil. Hence, if the forward element of a forward contract relates to:

- (a) a transaction related hedged item, the amount in respect of the forward element at the end of the hedging relationship that adjusts the hedged item or that is reclassified to profit or loss (see paragraphs ~~6.5.16~~ and 6.5.15(b) and 6.5.16) would be nil.
- (b) ...

Amendments to AASB 1

73 Paragraph 39G is deleted and paragraph 39U is added:

39G [Deleted by the IASB]

39U AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-1 *Amendments to Australian Accounting Standards* amended paragraphs 29, B1–B6, D1, D14, D19 and D20, deleted paragraph 39B and added paragraphs 29A, B8, B9, D19A–D19D, D33, E1 and E2. Paragraph 39G, added by AASB 2010-7, was deleted by AASB 2014-1. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

74 In Appendix B, paragraphs B2, B5 and B6 are amended to read as follows:

B2 Except as permitted by paragraph B3, a first-time adopter shall apply the derecognition requirements in AASB 9 prospectively for transactions occurring on or after the date of transition to Australian Accounting Standards. For example, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Australian Accounting Standards, it shall not recognise those assets and liabilities in accordance with Australian Accounting Standards (unless they qualify for recognition as a result of a later transaction or event).

B5 An entity shall not reflect in its opening Australian-Accounting-Standards statement of financial position a hedging relationship of a type that does not qualify for hedge accounting in accordance with AASB 9 (for example, many hedging relationships where the hedging instrument is a stand-alone written option or a net written option; or where the hedged item is a net position in a cash flow hedge for another risk than foreign currency risk). However, if an entity designated a net position as a hedged item in accordance with previous GAAP, it may designate as a hedged item in accordance with Australian Accounting Standards an individual item within that net position, or a net position if that meets the requirements in paragraph 6.6.1 of AASB 9, provided that it does so no later than the date of transition to Australian Accounting Standards.

B6 If, before the date of transition to Australian Accounting Standards, an entity had designated a transaction as a hedge but the hedge does not meet the conditions for hedge accounting in AASB 9, the entity shall apply paragraphs 6.5.6 and 6.5.7 of AASB 9 to discontinue hedge accounting. Transactions entered into before the date of transition to Australian Accounting Standards shall not be retrospectively designated as hedges.

75 In Appendix D, paragraph D1 is amended to read as follows, and after paragraph D32 a heading and paragraph D33 are added:

D1 ...

(a) ...

...

(r) joint arrangements (paragraph D31);

(s) stripping costs in the production phase of a surface mine (paragraph D32); and

(t) designation of contracts to buy or sell a non-financial item (paragraph D33).

An entity shall not apply these exemptions by analogy to other items.

Designation of contracts to buy or sell a non-financial item

D33 AASB 139 permits some contracts to buy or sell a non-financial item to be designated at inception as measured at fair value through profit or loss (see paragraph 5A of AASB 139). Despite this requirement an entity is permitted to designate, at the date of transition to Australian Accounting Standards, contracts that already exist on that date as measured at fair value through profit or loss but only if they meet the requirements of paragraph 5A of AASB 139 at that date and the entity designates all similar contracts.

76 Paragraph E1 is amended as follows (new text is underlined>):

E1 In its first Australian-Accounting-Standards financial statements, an entity that (a) adopts Australian Accounting Standards for annual reporting periods beginning before 1 January 2012 and (b) applies

AASB 9 shall present at least one year of comparative information. However, this comparative information need not comply with AASB 7 *Financial Instruments: Disclosures* or AASB 9, to the extent that the disclosures required by AASB 7 relate to items within the scope of AASB 9. For such entities, references to the 'date of transition to Australian Accounting Standards' shall mean, in the case of AASB 7 and AASB 9 only, the beginning of the first Australian-Accounting-Standards reporting period.

Amendments to AASB 3

77 Paragraph 16 is amended to read as follows, paragraph 64D is deleted and paragraph 64H is added:

16 ...

(a) ...

(b) designation of a derivative instrument as a hedging instrument in accordance with AASB 9; and

(c) ...

64D [Deleted by the IASB]

64H AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-1 *Amendments to Australian Accounting Standards* amended paragraphs 16, 42, 53, 56 and 58(b) and deleted paragraph 64A. Paragraph 64D, added by AASB 2010-7, was deleted by AASB 2014-1. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 4

78 The full stop at the end of paragraph 35(a) is replaced with a semicolon.

79 Paragraph 41D is deleted and paragraph 41F is added:

41D [Deleted by the IASB]

41F AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-1 *Amendments to Australian Accounting Standards* amended paragraphs 3, 4(d), 7, 8, 12, 34(d), 35, 45 and B18–B20 and Appendix A and deleted paragraph 41C. Paragraph 41D, added by AASB 2010-7, was deleted by AASB 2014-1. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 5

80 Paragraph 44F is deleted and paragraph 44J is added:

44F [Deleted by the IASB]

44J AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 5. Paragraph 44F, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply that amendment when it applies AASB 9 as amended in June 2014.

Amendments to AASB 7

81 Paragraphs Aus2.9, 3, 8, 14, 20, 42C–42E, 44S and 44U are amended to read as follows, paragraphs 22, 23, 24, 44E, 44F and 44N are deleted, and several headings and paragraphs 21A–21D, 22A–22C, 23A–23F, 24A–24G and 44Y are added:

Aus2.9 The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:

(a) paragraphs 6, 9, 10(a)–(c), 10A, 11–11B, 12C, 13A–13F, 15, 18, 19, 20(c), 20(d), 20A, 21B, 21C, 23A, 23B, 23C(a), 23D, 23E, 24A(b), 24A(d), 24B(a)(ii), 24B(a)(iii), 24B(a)(v), 24B(b)(ii), 24B(b)(iii), 24C(a)(ii), 24C(b)(iii), 24C(b)(v), 24D–24F, 24G(a), 24G(b), 25–42, 42C, 42D(d), 42D(e), 42E(a), 42E(b), 42E(d)–(f), 42F–42H, B1–B4, B7–B29 and B33–B53;

(b) in paragraph 8(a), the text “, showing separately ... AASB 9”;

(c) in paragraph 8(e), the text “, showing separately ... AASB 9”;

(d) in paragraph 20(a)(i), the text “, showing separately ... held for trading in AASB 9”;

(e) [Deleted by the AASB]

- (f) **[Deleted by the AASB]**
 - (g) **in paragraph 24C(b)(iv), the words following the text “... reclassification adjustment”;**
 - (h) **in paragraphs 24A-24C, the text “, in a tabular format,”; and**
 - (i) **in paragraph 42D(f), the text “the total carrying amount of the original assets before the transfer,”.**
- ...
- 3 This Standard shall be applied by all entities to all types of financial instruments, except:
- (a) those interests in subsidiaries, associates or joint ventures that are accounted for in accordance with AASB 10 *Consolidated Financial Statements*, AASB 127 *Separate Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*. However, in some cases, AASB 10, AASB 127 or AASB 128 require or permit an entity to account for an interest in a subsidiary, associate or joint venture using AASB 9; in those cases, entities shall apply the requirements of this Standard. Entities shall also apply this Standard to all derivatives linked to interests in subsidiaries, associates or joint ventures unless the derivative meets the definition of an equity instrument in AASB 132;
 - (b) ...
- ...
- 8 The carrying amounts of each of the following categories, as specified in AASB 9, shall be disclosed either in the statement of financial position or in the notes:
- (a) financial assets measured at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of AASB 9 and (ii) those mandatorily measured at fair value in accordance with AASB 9;
 - (c) financial liabilities at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of AASB 9 and (ii) those that meet the definition of held for trading in AASB 9;
 - (f) ...
- ...
- 14 An entity shall disclose:
- (a) the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 3.2.23(a) of AASB 9; and
 - (b) ...
- 20 An entity shall disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes:
- (a) net gains or net losses on:
 - (i) financial assets or financial liabilities measured at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of AASB 9, and those on financial assets or financial liabilities that are mandatorily measured at fair value in accordance with AASB 9 (eg financial liabilities that meet the definition of held for trading in AASB 9). For financial liabilities designated as at fair value through profit or loss, an entity shall show separately the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss;
 - (d) interest income on impaired financial assets accrued in accordance with paragraph AG93 of AASB 139 *Financial Instruments: Recognition and Measurement*; and
 - (e) ...

Hedge accounting

- 21A An entity shall apply the disclosure requirements in paragraphs 21B–24F for those risk exposures that an entity hedges and for which it elects to apply hedge accounting. Hedge accounting disclosures shall provide information about:
- (a) an entity’s risk management strategy and how it is applied to manage risk;
 - (b) how the entity’s hedging activities may affect the amount, timing and uncertainty of its future cash flows; and
 - (c) the effect that hedge accounting has had on the entity’s statement of financial position, statement of comprehensive income and statement of changes in equity.
- 21B An entity shall present the required disclosures in a single note or separate section in its financial statements.
- 21C When paragraphs 22A–24F require the entity to separate by risk category the information disclosed, the entity shall determine each risk category on the basis of the risk exposures an entity decides to hedge and for which hedge accounting is applied. An entity shall determine risk categories consistently for all hedge accounting disclosures.
- 21D To meet the objectives in paragraph 21A, an entity shall (except as otherwise specified below) determine how much detail to disclose, how much emphasis to place on different aspects of the disclosure requirements, the appropriate level of aggregation or disaggregation, and whether users of financial statements need additional explanations to evaluate the quantitative information disclosed. However, an entity shall use the same level of aggregation or disaggregation it uses for disclosure requirements of related information in this Standard and AASB 13 *Fair Value Measurement*.

The risk management strategy

- 22 [Deleted by the IASB]
- 22A An entity shall explain its risk management strategy for each risk category of risk exposures that it decides to hedge and for which hedge accounting is applied. This explanation should enable users of financial statements to evaluate (for example):
- (a) how each risk arises.
 - (b) how the entity manages each risk; this includes whether the entity hedges an item in its entirety for all risks or hedges a risk component (or components) of an item and why.
 - (c) the extent of risk exposures that the entity manages.
- 22B To meet the requirements in paragraph 22A, the information should include (but is not limited to) a description of:
- (a) the hedging instruments that are used (and how they are used) to hedge risk exposures;
 - (b) how the entity determines the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness; and
 - (c) how the entity establishes the hedge ratio and what the sources of hedge ineffectiveness are.
- 22C When an entity designates a specific risk component as a hedged item (see paragraph 6.3.7 of AASB 9) it shall provide, in addition to the disclosures required by paragraphs 22A and 22B, qualitative or quantitative information about:
- (a) how the entity determined the risk component that is designated as the hedged item (including a description of the nature of the relationship between the risk component and the item as a whole); and
 - (b) how the risk component relates to the item in its entirety (for example, the designated risk component historically covered on average 80 per cent of the changes in fair value of the item as a whole).

The amount, timing and uncertainty of future cash flows

- 23 [Deleted by the IASB]

- 23A Unless exempted by paragraph 23C, an entity shall disclose by risk category quantitative information to allow users of its financial statements to evaluate the terms and conditions of hedging instruments and how they affect the amount, timing and uncertainty of future cash flows of the entity.
- 23B To meet the requirement in paragraph 23A, an entity shall provide a breakdown that discloses:
- (a) a profile of the timing of the nominal amount of the hedging instrument; and
 - (b) if applicable, the average price or rate (for example strike or forward prices etc) of the hedging instrument.
- 23C In situations in which an entity frequently resets (ie discontinues and restarts) hedging relationships because both the hedging instrument and the hedged item frequently change (ie the entity uses a dynamic process in which both the exposure and the hedging instruments used to manage that exposure do not remain the same for long – such as in the example in paragraph B6.5.24(b) of AASB 9) the entity:
- (a) is exempt from providing the disclosures required by paragraphs 23A and 23B.
 - (b) shall disclose:
 - (i) information about what the ultimate risk management strategy is in relation to those hedging relationships;
 - (ii) a description of how it reflects its risk management strategy by using hedge accounting and designating those particular hedging relationships; and
 - (iii) an indication of how frequently the hedging relationships are discontinued and restarted as part of the entity's process in relation to those hedging relationships.
- 23D An entity shall disclose by risk category a description of the sources of hedge ineffectiveness that are expected to affect the hedging relationship during its term.
- 23E If other sources of hedge ineffectiveness emerge in a hedging relationship, an entity shall disclose those sources by risk category and explain the resulting hedge ineffectiveness.
- 23F For cash flow hedges, an entity shall disclose a description of any forecast transaction for which hedge accounting had been used in the previous period, but which is no longer expected to occur.

The effects of hedge accounting on financial position and performance

24 [Deleted by the IASB]

- 24A An entity shall disclose, in a tabular format, the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation):
- (a) the carrying amount of the hedging instruments (financial assets separately from financial liabilities);
 - (b) the line item in the statement of financial position that includes the hedging instrument;
 - (c) the change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness for the period; and
 - (d) the nominal amounts (including quantities such as tonnes or cubic metres) of the hedging instruments.
- 24B An entity shall disclose, in a tabular format, the following amounts related to hedged items separately by risk category for the types of hedges as follows:
- (a) for fair value hedges:
 - (i) the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities);
 - (ii) the accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities);
 - (iii) the line item in the statement of financial position that includes the hedged item;
 - (iv) the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period; and

- (v) the accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses in accordance with paragraph 6.5.10 of AASB 9.
- (b) for cash flow hedges and hedges of a net investment in a foreign operation:
- (i) the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period (ie for cash flow hedges the change in value used to determine the recognised hedge ineffectiveness in accordance with paragraph 6.5.11(c) of AASB 9);
 - (ii) the balances in the cash flow hedge reserve and the foreign currency translation reserve for continuing hedges that are accounted for in accordance with paragraphs 6.5.11 and 6.5.13(a) of AASB 9; and
 - (iii) the balances remaining in the cash flow hedge reserve and the foreign currency translation reserve from any hedging relationships for which hedge accounting is no longer applied.
- 24C An entity shall disclose, in a tabular format, the following amounts separately by risk category for the types of hedges as follows:
- (a) for fair value hedges:
- (i) hedge ineffectiveness – ie the difference between the hedging gains or losses of the hedging instrument and the hedged item – recognised in profit or loss (or other comprehensive income for hedges of an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income in accordance with paragraph 5.7.5);
 - (ii) the line item in the statement of comprehensive income that includes the recognised hedge ineffectiveness.
- (b) for cash flow hedges and hedges of a net investment in a foreign operation:
- (i) hedging gains or losses of the reporting period that were recognised in other comprehensive income;
 - (ii) hedge ineffectiveness recognised in profit or loss;
 - (iii) the line item in the statement of comprehensive income that includes the recognised hedge ineffectiveness;
 - (iv) the amount reclassified from the cash flow hedge reserve or the foreign currency translation reserve into profit or loss as a reclassification adjustment (see AASB 101) (differentiating between amounts for which hedge accounting had previously been used, but for which the hedged future cash flows are no longer expected to occur, and amounts that have been transferred because the hedged item has affected profit or loss);
 - (v) the line item in the statement of comprehensive income that includes the reclassification adjustment (see AASB 101); and
 - (vi) for hedges of net positions, the hedging gains or losses recognised in a separate line item in the statement of comprehensive income (see paragraph 6.6.4 of AASB 9).
- 24D When the volume of hedging relationships to which the exemption in paragraph 23C applies is unrepresentative of normal volumes during the period (ie the volume at the reporting date does not reflect the volumes during the period) an entity shall disclose that fact and the reason it believes the volumes are unrepresentative.
- 24E An entity shall provide a reconciliation of each component of equity and an analysis of other comprehensive income in accordance with AASB 101 that, taken together:
- (a) differentiates, at a minimum, between the amounts that relate to the disclosures in paragraph 24C(b)(i) and (b)(iv) as well as the amounts accounted for in accordance with paragraph 6.5.11(d)(i) and (d)(iii) of AASB 9;
 - (b) differentiates between the amounts associated with the time value of options that hedge transaction related hedged items and the amounts associated with the time value of options that hedge time-period related hedged items when an entity accounts for the time value of an option in accordance with paragraph 6.5.15 of AASB 9; and
 - (c) differentiates between the amounts associated with forward elements of forward contracts and the foreign currency basis spreads of financial instruments that hedge transaction related hedged items, and the amounts associated with forward elements of forward contracts and the foreign currency

basis spreads of financial instruments that hedge time-period related hedged items when an entity accounts for those amounts in accordance with paragraph 6.5.16 of AASB 9.

24F An entity shall disclose the information required in paragraph 24E separately by risk category. This disaggregation by risk may be provided in the notes to the financial statements.

Option to designate a credit exposure as measured at fair value through profit or loss

24G If an entity designated a financial instrument, or a proportion of it, as measured at fair value through profit or loss because it uses a credit derivative to manage the credit risk of that financial instrument it shall disclose:

- (a) for credit derivatives that have been used to manage the credit risk of financial instruments designated as measured at fair value through profit or loss in accordance with paragraph 6.7.1 of AASB 9, a reconciliation of each of the nominal amount and the fair value at the beginning and at the end of the period;
- (b) the gain or loss recognised in profit or loss on designation of a financial instrument, or a proportion of it, as measured at fair value through profit or loss in accordance with paragraph 6.7.1 of AASB 9; and
- (c) on discontinuation of measuring a financial instrument, or a proportion of it, at fair value through profit or loss, that financial instrument's fair value that has become the new carrying amount in accordance with paragraph 6.7.4(b) of AASB 9 and the related nominal or principal amount (except for providing comparative information in accordance with AASB 101, an entity does not need to continue this disclosure in subsequent periods).

42C ...

(a) ...

...

(c) an arrangement whereby an entity retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay the cash flows to one or more entities and the conditions in paragraph 3.2.5(a)–(c) of AASB 9 are met.

42D ...

(a) ...

...

(f) when the entity continues to recognise the assets to the extent of its continuing involvement (see paragraphs 3.2.6(c)(ii) and 3.2.16 of AASB 9), the total carrying amount of the original assets before the transfer, the carrying amount of the assets that the entity continues to recognise, and the carrying amount of the associated liabilities.

42E To meet the objectives set out in paragraph 42B(b), when an entity derecognises transferred financial assets in their entirety (see paragraphs 3.2.6(a) and (c)(i) of AASB 9) but has continuing involvement in them, the entity shall disclose, as a minimum, for each type of continuing involvement at each reporting date:

(a) ...

...

44E [Deleted by the IASB]

44F [Deleted by the IASB]

44N [Deleted by the IASB]

44S When an entity first applies the classification and measurement requirements of AASB 9, it shall present the disclosures set out in paragraphs 44T–44W of this Standard if it elects to, or is required to, provide these disclosures in accordance with paragraph AASB 9 (see paragraph 8.2.12 of AASB 9 (December 2009), paragraph 7.2.14 of AASB 9 (December 2010, as amended to September 2012) and paragraph 7.1.13 of AASB 9 (December 2010, as amended to June 2014)).

44U ...

(a) ...

...

(d) ...

If an entity treats the fair value of a financial asset or a financial liability as its amortised cost at the date of initial application (see paragraph 8.2.10 of AASB 9 (December 2009), paragraph 7.2.10 of AASB 9 (December 2010, as amended to September 2012) and paragraph 7.2.10 of AASB 9 (December 2010, as amended to June 2014)), the disclosures in (c) and (d) of this paragraph shall be made for each reporting period following reclassification until derecognition. Otherwise, the disclosures in this paragraph need not be made after the reporting period containing the date of initial application.

44Y AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-1 *Amendments to Australian Accounting Standards* amended paragraphs 2–5, 8–10, 11, 14, 20, 28, 30, Appendix A, and paragraphs B1, B5, B10(a), B22 and B27, deleted paragraphs 2, 12A, 22, 23, 24, 29(b), 44E, 44F, 44H, B4 and Appendix D and added paragraphs 10A, 11A, 11B, 12B–12D, 20A, 21A–21D, 22A–22C, 23A–23F, 24A–24G, 44I and 44J. Paragraph 44N, added by AASB 2010-7, was deleted by AASB 2014-1. An entity shall apply those amendments when it applies AASB 9 (as amended). Those amendments need not be applied to comparative information provided for periods before the date of initial application of AASB 9 as amended in June 2014.

82 The heading above paragraph B4 is deleted.

Amendments to AASB 101

83 Paragraph Aus1.8, the definition of ‘other comprehensive income’ in paragraph 7, and paragraphs 95, 96 and 106 are amended to read as follows, paragraph 139G is deleted and paragraph 139M is added:

Aus1.8 The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:

(a) paragraphs 10(f), 15, 16, Aus16.3, 40A–40D, 42(b), 61, 65, 80A, 82(aa), 90, 92, 94, 104, 131 and 134–138; and

(b) ...

...

7

...

The components of other comprehensive income include:

(a) ...

...

(e) the effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9 (see Chapter 6 of AASB 9);

(f) for particular liabilities designated as at fair value through profit or loss, the amount of the change in fair value that is attributable to changes in the liability’s credit risk (see paragraph 5.7.7 of AASB 9);

(g) changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see Chapter 6 of AASB 9);

(h) changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see Chapter 6 of AASB 9);

...

95 Reclassification adjustments arise, for example, on disposal of a foreign operation (see AASB 121) and when some hedged forecast cash flow affect profit or loss (see paragraph 6.5.11(d) of AASB 9 in relation to cash flow hedges).

96 Reclassification adjustments do not arise on changes in revaluation surplus recognised in accordance with AASB 116 or AASB 138 or on remeasurements of defined benefit plans recognised in accordance with AASB 119. These components are recognised in other comprehensive income and are not reclassified to

profit or loss in subsequent periods. Changes in revaluation surplus may be transferred to retained earnings in subsequent periods as the asset is used or when it is derecognised (see AASB 116 and AASB 138). In accordance with AASB 9, reclassification adjustments do not arise if a cash flow hedge or the accounting for the time value of an option (or the forward element of a forward contract or the foreign currency basis spread of a financial instrument) result in amounts that are removed from the cash flow hedge reserve or a separate component of equity, respectively, and included directly in the initial cost or other carrying amount of an asset or a liability. These amounts are directly transferred to assets or liabilities.

106 ...

(a) ...

...

(d) **for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately (as a minimum) disclosing changes resulting from:**

(i) ...

...

139G [Deleted by the IASB]

139M AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-1 *Amendments to Australian Accounting Standards* amended paragraphs Aus1.8, 7, 68, 71, 82, 93, 95, 96, 106 and 123 and deleted paragraph 139E. Paragraph 139G, added by AASB 2010-7, was deleted by AASB 2014-1. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 102

84 Paragraph 40B is deleted and paragraph 40D is added:

40B [Deleted by the IASB]

40D AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 2(b) and deleted paragraph 40A. Paragraph 40B, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 108

85 Paragraph 54B is deleted and paragraph 54D is added:

54B [Deleted by the IASB]

54D AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 53 and deleted paragraph 54A. Paragraph 54B, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 112

86 Paragraph 97 is deleted and paragraph 98D is added:

97 [Deleted by the IASB]

98D AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 20 and deleted paragraph 96. Paragraph 97, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 118

87 Paragraph 40 is deleted and paragraph 43 is added:

40 [Deleted by the IASB]

43 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraphs 6(d) and 11 and deleted paragraph 39. Paragraph 40, added by

AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 120

88 Paragraph 44 is deleted and paragraph 47 is added:

44 [Deleted by the IASB]

47 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 10A. Paragraph 44, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 121

89 Paragraphs 3(b), 5 and 27 are amended to read as follows, paragraph 60E is deleted and paragraph 60I is added:

3 ...

(a) ...

(b) **in translating the results and financial position of foreign operations that are included in the financial statements of the entity by consolidation or the equity method; and**

(c) ...

5 This Standard does not apply to hedge accounting for foreign currency items, including the hedging of a net investment in a foreign operation. AASB 9 applies to hedge accounting.

27 As noted in paragraphs 3(a) and 5, AASB 9 applies to hedge accounting for foreign currency items. The application of hedge accounting requires an entity to account for some exchange differences differently from the treatment of exchange differences required by this Standard. For example, AASB 9 requires that exchange differences on monetary items that qualify as hedging instruments in a cash flow hedge are recognised initially in other comprehensive income to the extent that the hedge is effective.

60E [Deleted by the IASB]

60I AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-1 *Amendments to Australian Accounting Standards* amended paragraphs 3(a), 3(b), 4, 5, 27 and 52(a) and deleted paragraph 60C. Paragraph 60E, added by AASB 2010-7, was deleted by AASB 2014-1. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 132

90 Paragraphs 8 and 12 are amended to read as follows, paragraph 97H is deleted and paragraph 97P is added:

8 **This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements. However, this Standard shall be applied to those contracts that an entity designates as measured at fair value through profit or loss in accordance with paragraph 5A of AASB 139 *Financial Instruments: Recognition and Measurement*.**

12 The following terms are defined in Appendix A of AASB 9 or paragraph 9 of AASB 139 *Financial Instruments: Recognition and Measurement* and are used in this Standard with the meaning specified in AASB 139 and AASB 9.

...

97H [Deleted by the IASB]

97P AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-1 *Amendments to Australian Accounting Standards* amended paragraphs 3, 4, 8, 12, 23, 31, 42, 96C, AG2 and AG30 and deleted paragraph 97F. Paragraph 97H, added by AASB 2010-7, was deleted by AASB 2014-1. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 136

91 Paragraph 140G is deleted and paragraph 140K is added:

140G [Deleted by the IASB]

140K AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraphs 2(e) and 5 and deleted paragraph 140F. Paragraph 140G, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 137

92 Paragraph 97 is deleted and paragraph 98 is added:

97 [Deleted by the IASB]

98 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 2. Paragraph 97, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to AASB 139

93 The heading above paragraph 1 is deleted.

94 Paragraph 5A is added and paragraphs 2, 4, 5, 71 and 88 are amended to read as follows:

2 This Standard shall be applied by all entities to all types of financial instruments except:

- (a) **those interests in subsidiaries, associates and joint ventures that are accounted for in accordance with AASB 10 *Consolidated Financial Statements*, AASB 127 *Separate Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*. However, in some cases, AASB 10, AASB 127 or AASB 128 require or permit an entity to account for an interest in a subsidiary, associate or joint venture in accordance with some or all of the requirements of this Standard. Entities shall also apply this Standard to *derivatives* on an interest in a subsidiary, associate or joint venture unless the derivative meets the definition of an equity instrument of the entity in AASB 132 *Financial Instruments: Presentation*;**
- (b) **rights and obligations under leases to which AASB 117 *Leases* applies. However:**
 - (i) **lease receivables recognised by a lessor are subject to the derecognition provisions of AASB 9 *Financial Instruments* and impairment provisions of this Standard;**
 - (ii) **finance lease payables recognised by a lessee are subject to the derecognition provisions of AASB 9; and**
 - (iii) **derivatives that are embedded in leases are subject to the embedded derivatives provisions of AASB 9;**
- ...
- (e) **rights and obligations arising under (i) an insurance contract as defined in AASB 4 *Insurance Contracts*, other than an issuer's rights and obligations arising under an insurance contract that meets the definition of a financial guarantee contract in Appendix A of AASB 9 *Financial Instruments*, or (ii) a contract that is within the scope of AASB 4 because it contains a discretionary participation feature. However, this Standard applies to a derivative that is embedded in a contract within the scope of AASB 4 if the derivative is not itself a contract within the scope of AASB 4. Moreover, if an issuer of financial guarantee contracts has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts, the issuer may elect to apply either this Standard or AASB 4 to such financial guarantee contracts (see paragraphs AG4 and AG4A). The issuer may make that election contract by contract, but the election for each contract is irrevocable;**
- ...
- (h) **loan commitments other than those loan commitments described in paragraph 4. An issuer of loan commitments shall apply AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* to loan commitments that are not within the scope of this Standard. However, all loan commitments are subject to the derecognition provisions of AASB 9;**

(i) ...

...

4 The following loan commitments are within the scope of this Standard:

(a) ...

...

(c) commitments to provide a loan at a below-market interest rate (see paragraph 4.2.1 of AASB 9).

5 This standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements. However, this Standard shall be applied to those contracts that an entity designates as measured at fair value through profit or loss in accordance with paragraph 5A.

5A A contract to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contract was a financial instrument, may be irrevocably designated as measured at fair value through profit or loss even if it was entered into for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements. This designation is available only at inception of the contract and only if it eliminates or significantly reduces a recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from not recognising that contract because it is excluded from the scope of this Standard (see paragraph 5).

71 If an entity applies AASB 9 (as amended) and has not chosen as its accounting policy to continue to apply the hedge accounting requirements of this Standard (see paragraph 7.2.1 of AASB 9), it shall apply the hedge accounting requirements in Chapter 6 of AASB 9. However, for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities, an entity may, in accordance with paragraph 6.1.3 of AASB 9, apply the hedge accounting requirements in this Standard instead of those in AASB 9. In that case the entity must also apply the specific requirements for fair value hedge accounting for a portfolio hedge of interest rate risk (see paragraphs 81A, 89A and AG114–AG132).

88 A hedging relationship qualifies for hedge accounting under paragraphs 89–102 if, and only if, all of the following conditions are met.

(a) ...

...

95 Paragraphs 103K and 108C are amended to read as follows, paragraph 103O is deleted and paragraphs 103S and 108E are added:

103K AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*, issued in May 2009, amended paragraphs 2(g), 97 and 100. An entity shall apply the amendments to those paragraphs prospectively to all unexpired contracts for annual reporting periods beginning on or after 1 January 2010. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.

103O [Deleted by the IASB]

103S AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-1 *Amendments to Australian Accounting Standards* added paragraph 5A, amended paragraphs 2, 4, 5, 8, 9, 58, 63, 71, 88(d), 89(b), 90, 96(c), 103K, 104, 108C, AG3–AG4, AG8, AG84, AG95, AG114(a) and AG118(b) and deleted paragraphs 1, 10–57, 61, 66–70, 79, 103H–103J, 103L, 103M, 105–105D, AG4B–AG4K, AG9–AG12A, AG14–AG15, AG27–AG83 and AG96. Paragraph 103O, added by AASB 2010-7, was deleted by AASB 2014-1. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

108C Paragraphs 73 and AG8 were amended by AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* issued in July 2008. Paragraph 80 was amended by AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* issued in May 2009. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2009. Earlier application of all the amendments is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.

108E Paragraph 5A was added by AASB 2014-1, issued in June 2014. When that paragraph is first applied, an entity is permitted to make the designation introduced by that paragraph for contracts that already exist on that date but only if it designates all similar contracts. The change in the net assets resulting from such designations on transition shall be recognised as an adjustment of retained earnings.

96 The heading above paragraph AG27 is deleted.

Amendments to Interpretation 2

97 Paragraph 15 is deleted and paragraph 18 is added:

15 [Deleted by the IASB]

18 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraphs A8 and A10. Paragraph 15, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

98 In the Appendix, paragraph A8 is amended to read as follows:

A8 Members' shares in excess of the prohibition against redemption are financial liabilities. The co-operative entity measures this financial liability at fair value at initial recognition. Because these shares are redeemable on demand, the co-operative entity measures the fair value of such financial liabilities in accordance with paragraph 47 of AASB 13: 'The fair value of a financial liability with a demand feature (eg a demand deposit) is not less than the amount payable on demand ...'. Accordingly, the co-operative entity classifies as financial liabilities the maximum amount payable on demand under the redemption provisions.

Amendments to Interpretation 5

99 Paragraph 14A is deleted and paragraph 14C is added:

14A [Deleted by the IASB]

14C AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 5. Paragraph 14A, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply that amendment when it applies AASB 9 as amended in June 2014.

Amendments to Interpretation 10

100 Paragraph 12 is deleted and paragraph 13 is added:

12 [Deleted by the IASB]

13 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraphs 1, 2, 7 and 8 and deleted paragraphs 5, 6 and 11. Paragraph 12, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to Interpretation 12

101 Paragraphs 28B is deleted and paragraph 28C is added:

28B [Deleted by the IASB]

28C AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraphs 23–25 and deleted paragraph 28A. Paragraph 28B, added by ASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to Interpretation 16

102 A reference to AASB 9 *Financial Instruments* is added under the heading 'References'.

103 Paragraphs 3, 5, 6, 7, 14 and 16 are amended to read as follows and paragraph 18A is added:

3 AASB 9 requires the designation of an eligible hedged item and eligible hedging instruments in a hedge accounting relationship. If there is a designated hedging relationship, in the case of a net investment hedge, the gain or loss on the hedging instrument that is determined to be an effective hedge of the net investment

is recognised in other comprehensive income and is included with the foreign exchange differences arising on translation of the results and financial position of the foreign operation.

- 5 AASB 9 allows an entity to designate either a derivative or a non-derivative financial instrument (or a combination of derivative and non-derivative financial instruments) as hedging instruments for foreign currency risk. This Interpretation provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting.
 - 6 AASB 121 and AASB 9 require cumulative amounts recognised in other comprehensive income relating to both the foreign exchange differences arising on translation of the results and financial position of the foreign operation and the gain or loss on the hedging instrument that is determined to be an effective hedge of the net investment to be reclassified from equity to profit or loss as a reclassification adjustment when the parent disposes of the foreign operation. This Interpretation provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.
 - 7 This Interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with AASB 9. For convenience this Interpretation refers to such an entity as a parent entity and to the financial statements in which the net assets of foreign operations are included as consolidated financial statements. All references to a parent entity apply equally to an entity that has a net investment in a foreign operation that is a joint venture, an associate or a branch.
 - 14 A derivative or a non-derivative instrument (or a combination of derivative and non-derivative instruments) may be designated as a hedging instrument in a hedge of a net investment in a foreign operation. The hedging instrument(s) may be held by any entity or entities within the group, as long as the designation, documentation and effectiveness requirements of AASB 9 paragraph 6.4.1 that relate to a net investment hedge are satisfied. In particular, the hedging strategy of the group should be clearly documented because of the possibility of different designations at different levels of the group.
 - 16 When a foreign operation that was hedged is disposed of, the amount reclassified to profit or loss as a reclassification adjustment from the foreign currency translation reserve in the consolidated financial statements of the parent in respect of the hedging instrument is the amount that AASB 9 paragraph 6.5.14 requires to be identified. That amount is the cumulative gain or loss on the hedging instrument that was determined to be an effective hedge.
 - 18A AASB 2014-1 *Amendments to Australian Accounting Standards*, issued in June 2014, amended paragraphs 3, 5–7, 14, 16, AG1 and AG8(a). An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.
- 104 In the Appendix, paragraphs AG1 and AG8(a) are amended to read as follows:
- AG1 This appendix illustrates the application of the Interpretation using the corporate structure illustrated below. In all cases the hedging relationships described would be tested for effectiveness in accordance with AASB 9, although this testing is not discussed in this appendix. Parent, being the ultimate parent entity, presents its consolidated financial statements in its functional currency of euro (EUR). Each of the subsidiaries is wholly owned. Parent's £500 million net investment in Subsidiary B (functional currency pounds sterling (GBP)) includes the £159 million equivalent of Subsidiary B's US\$300 million net investment in Subsidiary C (functional currency US dollars (USD)). In other words, Subsidiary B's net assets other than its investment in Subsidiary C are £341 million.
- AG8 When Subsidiary C is disposed of, the amounts reclassified to profit or loss in Parent's consolidated financial statements from its foreign currency translation reserve (FCTR) are:
- (a) in respect of the US\$300 million external borrowing of Subsidiary A, the amount that AASB 9 requires to be identified, ie the total change in value in respect of foreign exchange risk that was recognised in other comprehensive income as the effective portion of the hedge; and
 - (b) ...
- 105 Paragraph IE5 is amended to read as follows:
- IE5 When the investment in Subsidiary C is disposed of, AASB 9 requires the full €24 million gain on the hedging instrument to be reclassified to profit or loss. Using the step-by-step method, the amount to be reclassified to profit or loss in respect of the net investment in Subsidiary C would be only €11 million loss. Parent could adjust the foreign currency translation reserves of both Subsidiaries B and C by €113 million in order to match the amounts reclassified in respect of the hedging instrument and the net investment as would have been the case if the direct method of consolidation had been used, if that was its accounting policy. An entity that had not hedged its net investment could make the same reclassification.

Amendments to Interpretation 19

106 Paragraph 14 is deleted and paragraph 16 is added:

14 [Deleted by the IASB]

16 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-1 *Amendments to Australian Accounting Standards* amended paragraphs 4(a), 5, 7, 9 and 10. Paragraph 14, added by AASB 2010-7, was deleted by AASB 2014-1. An entity shall apply those amendments when it applies AASB 9 as amended in June 2014.

Amendments to Interpretation 107

107 Footnote 1 is relocated to the third sentence of paragraph 6 and is amended to read as follows:

1 The accounting for hedges was covered under AASB 139 *Financial Instruments: Recognition and Measurement*. In December 2013 the AASB replaced the hedge accounting requirements in AASB 139 and relocated them to AASB 9 *Financial Instruments*.

APPENDIX

LIST OF AMENDED AUSTRALIAN ACCOUNTING STANDARDS (INCLUDING INTERPRETATIONS)

This appendix is an integral part of AASB 2014-1.

AASB Framework for the Preparation and Presentation of Financial Statements;

AASB 1 First-time Adoption of Australian Accounting Standards;

AASB 2 Share-based Payment;

AASB 3 Business Combinations;

AASB 4 Insurance Contracts;

AASB 5 Non-current Assets Held for Sale and Discontinued Operations;

AASB 7 Financial Instruments: Disclosures;

AASB 8 Operating Segments;

AASB 9 Financial Instruments (December 2009);

AASB 9 Financial Instruments (December 2010);

AASB 13 Fair Value Measurement;

AASB 101 Presentation of Financial Statements;

AASB 102 Inventories;

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors;

AASB 112 Income Taxes;

AASB 116 Property, Plant and Equipment;

AASB 118 Revenue;

AASB 119 Employee Benefits;

AASB 120 Accounting for Government Grants and Disclosure of Government Assistance;

AASB 121 The Effects of Changes in Foreign Exchange Rates;

AASB 124 Related Party Disclosures;

AASB 132 Financial Instruments: Presentation;

AASB 136 Impairment of Assets;

AASB 137 Provisions, Contingent Liabilities and Contingent Assets;

AASB 138 Intangible Assets;

AASB 139 Financial Instruments: Recognition and Measurement;

AASB 140 Investment Property;

AASB 1052 Disaggregated Disclosures;

Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments;

Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;

Interpretation 10 Interim Financial Reporting and Impairment;

Interpretation 12 Service Concession Arrangements;

Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*;
Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*;
Interpretation 107 *Introduction of the Euro*; and
Interpretation 129 *Service Concession Arrangements: Disclosures*.

BASIS FOR CONCLUSIONS (PART C)

This Basis for Conclusions accompanies, but is not part of, Part C of AASB 2014-1.

Background

- BC1 This Basis for Conclusions summarises the Australian Accounting Standards Board's considerations in reaching the decision to ultimately withdraw AASB 1031 *Materiality* (July 2004) with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, which gave rise to paragraphs 47-50 of Part C of this Standard. Individual Board members gave greater weight to some factors than to others.
- BC2 In adopting International Financial Reporting Standards (IFRSs) in 2005, the AASB issued AASB 1031 (July 2004). At the time IFRSs were first incorporated into the Australian Accounting Standards (including Interpretations), the Board decided to retain a revised version of AASB 1031 to help ensure that the meaning of materiality remained well explained, as the *Framework for the Preparation and Presentation of Financial Statements* on issue at that time included only limited guidance on materiality in comparison to AASB 1031.
- BC3 In September 2010, the IASB issued a revised *Conceptual Framework on Financial Reporting* (IASB *Conceptual Framework*). The revised IASB *Conceptual Framework* contains updated guidance on materiality in Chapter 3 *Qualitative Characteristics of Useful Financial Information*.
- BC4 At its February 2012 meeting, the Board considered whether AASB 1031 remained necessary in light of the guidance on materiality available in existing Accounting Standards and in the revised IASB *Conceptual Framework*.³ The Board also considered whether retaining AASB 1031 was consistent with the AASB's strategies and policies, including the AASB's policy of not providing unnecessary local guidance on matters covered by IFRSs.
- BC5 In June 2013, Exposure Draft ED 243 *Withdrawal of AASB 1031 Materiality* was issued for comment. This Exposure Draft proposed to withdraw AASB 1031 and delete references to that Standard from Australian Accounting Standards, including Interpretations. Following the consultation period and after reviewing constituent comments, at its October 2013 meeting the Board decided to proceed with the withdrawal of AASB 1031. This decision is consistent with the Board's view that the principle-based guidance on materiality in Australian Accounting Standards (that incorporate IFRSs) and the IASB *Conceptual Framework* is adequate.
- BC6 In making its decision to ultimately withdraw AASB 1031, the Board noted that it would not expect the withdrawal to change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.
- BC7 At its December 2013 meeting, the Board decided to effect the withdrawal of AASB 1031 by first reissuing AASB 1031 as an interim Standard that cross-references to other Australian Accounting Standards and the *Framework* (December 2013) that contain guidance on materiality. Once all the references to AASB 1031 have been deleted from Australian Accounting Standards AASB 1031 will be withdrawn.

DISSENTING OPINION

Dissent of Peter Gibson

- DO1 Part D of AASB 2014-1 *Amendments to Australian Accounting Standards* amends AASB 1 *First-time Adoption of Australian Accounting Standards* as a consequence of the issuance of AASB 14 *Regulatory Deferral Accounts* in June 2014. Consistent with my dissenting opinion accompanying AASB 14, I also disagree with the amendments to AASB 1 arising from AASB 14. Accordingly, because I disagree with Part D of this Standard, I am not able to support the issuance of AASB 2014-1.

³ An amended AASB *Framework for the Preparation and Presentation of Financial Statements*, incorporating Chapters 1 and 3 of the revised IASB *Conceptual Framework for Financial Reporting* was issued in December 2013.