

Explanatory Statement

Accounting Standard AASB 2014-10

Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

December 2014



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Reasons for Issuing AASB 2014-10

AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* makes amendments to the following Standards:

- AASB 10 *Consolidated Financial Statements*, and
- AASB 128 *Investments in Associates and Joint Ventures*.

These amendments arise from the issuance of International Financial Reporting Standard *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28) by the International Accounting Standards Board (IASB) in September 2014, and to make editorial corrections.

Main Features of AASB 2014-10

Main Requirements

This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:

- a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and
- a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Application Date

This Standard applies to annual reporting periods beginning on or after 1 January 2016.

This Standard may be applied by:

- for-profit entities to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2016; and
- not-for-profit entities to annual reporting periods beginning on or after 1 January 2013 but before 1 January 2016.

If an entity applies this Standard to such an annual reporting period in accordance with paragraph (a) or (b), it shall disclose that fact.

Consultation Prior to Issuing this Standard

The AASB issued Exposure Draft ED 232 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* in December 2012 for comment by 22 March 2013.

Four submissions were received by the AASB in respect of the proposals in ED 232 and there was general support for adopting the proposals in Australian Accounting Standards. The AASB considered the comments it received in making its submission to the IASB and in finalising AASB 2014-10.

A Regulation Impact Statement (RIS) has not been prepared in connection with the issue of AASB 2014-10 as the amendments made are minor in nature.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the
Human Rights (Parliamentary Scrutiny) Act 2011

Accounting Standard AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Overview of the Accounting Standard

AASB 2014-10 *Amendments to Australian Accounting Standards – Contribution of Assets between an Investor and its Associate or Joint Venture* amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:

- (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); or
- (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Human Rights Implications

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

Conclusion

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