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| AASB Standard | AASB 2015-1  January 2015 |

Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle

[AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]



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# Preface

## Introduction

This Standard makes amendments to the Australian Accounting Standards listed in paragraph 1 of the Standard.

These amendments arise from the issuance of International Financial Reporting Standard *Annual Improvements to IFRSs 2012–2014 Cycle* in September 2014 by the International Accounting Standards Board (IASB), and editorial corrections. The IASB’s Annual Improvements process provides a vehicle for making non-urgent but necessary amendments to Standards.

## Main Features of this Standard

### Main Requirements

The subjects of the principal amendments to the Standards are set out below:

| Standard | Subject of amendment |
| --- | --- |
| AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* | Changes in methods of disposal. |
| AASB 7 *Financial Instruments: Disclosures* | Servicing contracts. |
| Applicability of the amendments to AASB 7 to condensed interim financial statements. |
| AASB 119 *Employee Benefits* | Discount rate: regional market issue. |
| AASB 134 *Interim Financial Reporting* | Disclosure of information ‘elsewhere in the interim financial report’. |

This Standard also makes various editorial corrections to Australian Accounting Standards.

### Application Date

This Standard applies to annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2016.

# ACCOUNTING STANDARD AASB 2015-1

The Australian Accounting Standards Board makes Accounting Standard AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* under section 334 of the *Corporations Act 2001*.

|  |  |
| --- | --- |
|  | Kris Peach |
| Dated 21 January 2015 | Chair – AASB |

# ACCOUNTING STANDARD AASB 2015-1

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – ANNUAL IMPROVEMENTS TO AUSTRALIAN ACCOUNTING STANDARDS   
2012–2014 CYCLE

## Objective

1. The objective of this Standard is to make amendments to:
   1. AASB 1 *First-time Adoption of Australian Accounting Standards*;
   2. AASB 2 *Share-based Payment*;
   3. AASB 3 *Business Combinations*;
   4. AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*;
   5. AASB 7 *Financial Instruments: Disclosures*;
   6. AASB 11 *Joint Arrangements*;
   7. AASB 110 *Events after the Reporting Period*;
   8. AASB 119 *Employee Benefits*;
   9. AASB 121 *The Effects of Changes in Foreign Exchange Rates*;
   10. AASB 133 *Earnings per Share*;
   11. AASB 134 *Interim Financial Reporting*;
   12. AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*; and
   13. AASB 140 *Investment Property*;

as a consequence of the issuance of International Financial Reporting Standard *Annual Improvements to IFRSs 2012–2014 Cycle* in September 2014, and editorial corrections.

## Application

Subject to paragraphs 3-4, this Standard applies to:

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;

general purpose financial statements of each other reporting entity; and

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

In respect of AASB 133, this Standard applies to 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 whose ordinary shares or potential ordinary shares are publicly traded; or

a reporting entity that is in the process of issuing ordinary shares or potential ordinary shares in public markets; or

an entity that discloses earnings per share.

In respect of AASB 134, this Standard applies to:

each disclosing entity required to prepare half-year financial reports in accordance with Part 2M.3 of the Corporations Act;

interim financial reports that are general purpose financial statements of each other reporting entity; and

interim financial reports that are, or are held out to be, general purpose financial statements.

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

This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2016, except that the amendment to AASB 11 may be applied early only as set out in that Standard. The amendments to individual Standards can be applied separately from the amendments to other Standards provided any early application conditions for those amendments are satisfied.

This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard, 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

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

## Amendments to AASB 1

1. Paragraph 39AA is added as follows:

39AA AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*, issued in January 2015, added paragraph E4A. 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 that amendment for an earlier period it shall disclose that fact.

1. In Appendix B, paragraph B7 is amended as follows (new text is underlined and deleted text is struck through):

B7 A first-time adopter shall apply the following requirements of AASB 10 prospectively from the date of transition to Australian Accounting Standards:

(a) …

(b) the requirements in paragraphs 23 and ~~B93~~ B96 for accounting for changes in the parent’s ownership interest in a subsidiary that do not result in a loss of control; and

(c) …

1. In Appendix E, paragraph E4A is added as follows:

E4A A first-time adopter may apply the transition provisions in paragraph 44AA of AASB 7.

## Amendments to AASB 2

1. Paragraph 63B is amended as follows (new text is underlined and deleted text is struck through):

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~~ *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.

## Amendment to AASB 3

1. Paragraph 66 is amended as follows (deleted text is struck through):

66 An entity, such as a mutual entity, that has not yet applied AASB 3 and had one or more business combinations that were accounted for using the purchase method shall apply the transition provisions in paragraphs ~~Aus~~B68 and B69.

## Amendments to AASB 5

1. Paragraphs 26–29 and their related heading are amended (new text is underlined and deleted text is struck through) and paragraphs 26A and 44L are added as follows:

### Changes to a plan of sale or to a plan of distribution to owners

26 If an entity has classified an asset (or disposal group) as held for sale or as held for distribution to owners, but the criteria in paragraphs 7–9 (for held for sale) or in paragraph 12A (for held for distribution to owners) are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale or held for distribution to owners (respectively). In such cases an entity shall follow the guidance in paragraphs 27–29 to account for this change except when paragraph 26A applies.

26A If an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution to owners, or directly from being held for distribution to owners to being held for sale, then the change in classification is considered a continuation of the original plan of disposal. The entity:

(a) shall not follow the guidance in paragraphs 27–29 to account for this change. The entity shall apply the classification, presentation and measurement requirements in this Standard that are applicable to the new method of disposal.

(b) shall measure the non-current asset (or disposal group) by following the requirements in paragraph 15 (if reclassified as held for sale) or 15A (if reclassified as held for distribution to owners) and recognise any reduction or increase in the fair value less costs to sell/costs to distribute of the non-current asset (or disposal group) by following the requirements in paragraphs 20–25.

(c) shall not change the date of classification in accordance with paragraphs 8 and 12A. This does not preclude an extension of the period required to complete a sale or a distribution to owners if the conditions in paragraph 9 are met.

27 The entity shall measure a non-current asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners (or ceases to be included in a disposal group classified as held for sale or as held for distribution to owners) at the lower of:

(a) its carrying amount before the asset (or disposal group) was classified as held for sale or as held for distribution to owners, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale or as held for distribution to owners,~~;~~ and

(b) its *recoverable amount* at the date of the subsequent decision not to sell or distribute. [footnote omitted]

28 The entity shall include any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale or as held for distribution to owners in profit or loss [footnote omitted]from continuing operations in the period in which the criteria in paragraphs 7–9 or 12A, respectively, are no longer met. Financial statements for the periods since classification as held for sale or as held for distribution to owners shall be amended accordingly if the disposal group or non-current asset that ceases to be classified as held for sale or as held for distribution to owners is a subsidiary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate. The entity shall present that adjustment in the same caption in the statement of comprehensive income used to present a gain or loss, if any, recognised in accordance with paragraph 37.

29 If an entity removes an individual asset or liability from a disposal group classified as held for sale, the remaining assets and liabilities of the disposal group to be sold shall continue to be measured as a group only if the group meets the criteria in paragraphs 7–9. If an entity removes an individual asset or liability from a disposal group classified as held for distribution to owners, the remaining assets and liabilities of the disposal group to be distributed shall continue to be measured as a group only if the group meets the criteria in paragraph 12A. Otherwise, the remaining non-current assets of the group that individually meet the criteria to be classified as held for sale (or as held for distribution to owners) shall be measured individually at the lower of their carrying amounts and fair values less costs to sell (or costs to distribute) at that date. Any non-current assets that do not meet the criteria for held for sale shall cease to be classified as held for sale in accordance with paragraph 26. Any non-current assets that do not meet the criteria for held for distribution to owners shall cease to be classified as held for distribution to owners in accordance with paragraph 26.

44L AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*, issued in January 2015, amended paragraphs 26–29 and added paragraph 26A. An entity shall apply those amendments prospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to changes in a method of disposal that occur in annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.

1. Paragraph 33(b) is amended as follows (new text is underlined and deleted text is struck through):

33 An entity shall disclose:

(a) …

(b) an analysis of the single amount in (a) into:

(i) the revenue, expenses and pre-tax profit or loss of discontinued operations;

(ii) the related income tax expense as required by paragraph 81(h) of AASB 112; ~~and~~

(iii) the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation~~.~~; and

(iv) the related income tax expense as required by paragraph 81(h) of AASB 112.

The analysis may be presented in the notes or in the statement of comprehensive income. If it is presented in the statement of comprehensive income it shall be presented in a section identified as relating to discontinued operations, ~~that is,~~ ie separately from continuing operations. The analysis is not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition (see paragraph 11).

(c) …

## Amendments to AASB 7

1. Paragraph 44R is amended (deleted text is struck through) and paragraph 44AA is added as follows:

44R AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*, issued in June 2012, added paragraphs 13A–13F and B40–B53. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2013 ~~and interim periods within those annual reporting periods~~. An entity shall provide the disclosures required by those amendments retrospectively.

44AA  AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*, issued in January 2015, amended paragraphs 44R and B30 and added paragraph B30A. An entity shall apply those amendments retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2016, except that an entity need not apply the amendments to paragraphs B30 and B30A for any period presented that begins before the annual reporting period for which the entity first applies those amendments. Earlier application of the amendments to paragraphs 44R, B30 and B30A is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.

1. In Appendix B, paragraph B30 is amended (new text is underlined) and paragraph B30A is added as follows:

B30 An entity does not have a continuing involvement in a transferred financial asset if, as part of the transfer, it neither retains any of the contractual rights or obligations inherent in the transferred financial asset nor acquires any new contractual rights or obligations relating to the transferred financial asset. An entity does not have continuing involvement in a transferred financial asset if it has neither an interest in the future performance of the transferred financial asset nor a responsibility under any circumstances to make payments in respect of the transferred financial asset in the future. The term ‘payment’ in this context does not include cash flows of the transferred financial asset that an entity collects and is required to remit to the transferee.

B30A  When an entity transfers a financial asset, the entity may retain the right to service that financial asset for a fee that is included in, for example, a servicing contract. The entity assesses the servicing contract in accordance with the guidance in paragraphs 42C and B30 to decide whether the entity has continuing involvement as a result of the servicing contract for the purposes of the disclosure requirements. For example, a servicer will have continuing involvement in the transferred financial asset for the purposes of the disclosure requirements if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset. Similarly, a servicer has continuing involvement for the purposes of the disclosure requirements if a fixed fee would not be paid in full because of non-performance of the transferred financial asset. In these examples, the servicer has an interest in the future performance of the transferred financial asset. This assessment is independent of whether the fee to be received is expected to compensate the entity adequately for performing the servicing.

## Amendment to AASB 11

1. Paragraph 21A is amended as follows (new text is underlined):

21A When an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in AASB 3 *Business Combinations*, it shall apply, to the extent of its share in accordance with paragraph 20, all of the principles on business combinations accounting in AASB 3, and other Australian Accounting Standards, that do not conflict with the guidance in this Standard and disclose the information that is required in those Australian Accounting Standards in relation to business combinations. This applies to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business. The accounting for the acquisition of an interest in such a joint operation is specified in paragraphs B33A–B33D.

## Amendments to AASB 110

1. The heading “Effective Date of IAS 10” above paragraph 23 is amended to “Effective Date”.
2. A new heading and paragraph 24 are added below paragraph 23A as follows:

### Withdrawal of IAS 10 (revised 1999)

24 [Deleted by the AASB]

## Amendments to AASB 119

1. Paragraph 83 is amended (new text is underlined and deleted text is struck through) and paragraphs 176–177 are added as follows:

83 The rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. ~~In countries where~~ For currencies for which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

176 AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*, issued in January 2015, amended paragraph 83 and added paragraph 177. 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 that amendment for an earlier period it shall disclose that fact.

177 An entity shall apply the amendment in paragraph 176 from the beginning of the earliest comparative period presented in the first financial statements in which the entity applies the amendment. Any initial adjustment arising from the application of the amendment shall be recognised in retained earnings at the beginning of that period.

## Amendment to AASB 121

1. Paragraph 49 is amended as follows (deleted text is struck through):

49 An entity may dispose or partially dispose of its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity. ~~The payment of a dividend is part of a disposal only when it constitutes a return of the investment, for example when the dividend is paid out of pre-acquisition profits.~~ A write-down of the carrying amount of a foreign operation, either because of its own losses or because of an impairment recognised by the investor, does not constitute a partial disposal. Accordingly, no part of the foreign exchange gain or loss recognised in other comprehensive income is reclassified to profit or loss at the time of a write-down.

## Amendment to AASB 133

1. In footnote (i) of Example 7, ‘discontinuing operation’ is amended to ‘discontinued operation’.

## Amendments to AASB 134

1. Paragraph 7 is amended as follows (new text is underlined and deleted text is struck through):

7 Nothing in this Standard is intended to prohibit or discourage an entity from publishing a complete set of financial statements (as described in AASB 101) ~~as~~ in its interim financial report, rather than condensed financial statements and selected explanatory notes. Nor does this Standard prohibit or discourage an entity from including in condensed interim financial statements more than the minimum line items or selected explanatory notes as set out in this Standard. The recognition and measurement guidance in this Standard applies also to complete financial statements for an interim period, and such statements would include all of the disclosures required by this Standard (particularly the selected note disclosures in paragraph 16A) ~~and~~ as well as those required by other Australian Accounting Standards.

1. Paragraph 16A is amended (new text is underlined and deleted text is struck through) and paragraph 56 is added as follows:

16A In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the following information, in the notes to its interim financial statements~~, if not disclosed~~ or elsewhere in the interim financial report. The following disclosures shall be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time. If users of the financial statements do not have access to the information incorporated by cross-reference on the same terms and at the same time, the interim financial report is incomplete. The information shall normally be reported on an annual reporting period-to-date basis.

(a) ...

56 AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*, issued in January 2015, amended paragraph 16A. An entity shall apply that amendment retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies the amendment for an earlier period it shall disclose that fact.

1. In paragraph B13, the reference to paragraph 16A(d) is amended to paragraph 16A.

## Amendment to AASB 137

1. The heading ‘Effective Date of IAS 37’ above paragraph 95 is amended to ‘Effective Date’.

## Amendments to AASB 140

1. Paragraphs 75(f) and 79(d) are amended as follows (new text is underlined and deleted text is struck through):

75 An entity shall disclose:

(a) …

(f) the amounts recognised in profit or loss for:

(i) …

(iv) the cumulative change in fair value recognised in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used (see paragraph 32C)~~;~~.

(g) …

79 In addition to the disclosures required by paragraph 75, an entity that applies the cost model in paragraph 56 shall disclose:

(a) …

(d) a reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the following:

(i) …

(viii) other changes~~; and~~.

(e) …