

Technical Accounting Alert

AASB 108 disclosures for standards issued not yet effective

Introduction

When an entity has elected not to early adopt a new Australian Accounting Standard / Interpretation that has been issued but is not yet effective, paragraph 30 of AASB 108 requires the entity to disclose:

- a) this fact; and
- b) known or reasonably estimable information relevant to assessing the possible impact the application of the new Australian Accounting Standard will have on the entity's financial report in the period of initial application.

AASB 108 suggests that to comply with the above requirements the entity should disclose:

- a) the title of the new Australian Accounting Standard;
- b) the nature of the impending change or changes in accounting policy;
- c) the date by which application of the Australian Accounting Standard is required;
- d) the date at which it plans to apply the Australia Accounting Standard initially; and
- e) either
 - i) a discussion of the impact that initial application of the Australian Accounting Standard is expected to have on the entity's financial report or
 - ii) if the impact is not known or reasonably estimable, a statement to that effect.

Purpose of this update

The purpose of this TA Alert is to provide information regarding the Australian Accounting Standards / Interpretations with an effective date post 31 December 2008 in order for entities to consider:

- whether to early adopt these standards or

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- the impact of these standards on their reported financial position or performance if choosing not to early adopt.

Note that AASB 108 is a mandatory accounting standard for all entities preparing financial reports. Standards / Interpretations with an effective date post 31 December 2008 (The list represents accounting standards / interpretations issued by the Australian Accounting Standards Board at 24 November 2008).

Whilst we have provided suggested actions in relation to each of these standards and interpretations, further advice or research should be obtained where specific transactions / balances are in place.

An example disclosure which can be used where standards are early adopted is:

“In accordance with s334(5) of the Corporations Act, the Directors are early adopting the following accounting standards:

- *name standard”*



New Standard	Superseded Standard	Explanation of amendments not yet effective	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not early adopted)	Related standards/ interpretation which must be early adopted if this standard/ interpretation is early adopted	Suggested action
Accounting Standards						
AASB 3 Business Combinations (March 2008)	AASB 3 Business Combinations (April 2007)	AASB 3 (March 2008) amends how entities account for business combinations and changes in ownership interests in subsidiaries. Many changes have been made to this standard affecting acquisition related costs, step acquisitions, measurement of goodwill and contingent considerations. AASB 3 also replaces the term "Minority Interest" with "Non-controlling Interest". This standard can be early adopted, but only for reporting periods that begin on or after 30 June 2007. AASB 3 is applied prospectively. See technical update 2008 – xx for more detailed information on the changes arising from AASB 3.	Business combinations occurring on or after an annual reporting beginning on or after 1 July 2009	As the entity has not been a party to a business combination during the year, this standard is not expected to have any impact on the entity's financial report. Note: If the entity has been a party to a business combination during the year entity please contact NAS@grantthornton.com.au for assistance with this disclosure.	AASB 127 (March 2008) AASB 2008 -3	Early adopt, unless the entity has been a party to a business combination during the year.
AASB 8 Operating Segments (February 2007)	AASB 114 Segment Reporting (September 2005)	AASB 8 supersedes AASB 114 (September 2005). AASB 8 has a different scope of application to AASB 114; it is applicable only to listed entities and those in the process of listing, and requires that segment information be disclosed using the management approach. This may result in a different set of segments being identified than those previously disclosed under AASB 114. See technical update 2008 – xx for further information on the requirements of AASB 8.	31 December 2009	AASB 8 is a disclosure standard therefore has no impact on the entity's reported position and performance. The new standard will however result in changes to operating segments disclosures within the financial report or the removal of the segment note for certain entities. From the date of application this standard will apply only to listed entities.	AASB 2007 - 3	Non-disclosing entities – early adopt. Disclosing entities – consider impact.
AASB 101 Presentation of Financial Statements (September 2007)	AASB 101 Presentation of Financial Statements (July 2007)	AASB 101 (September 2007) contains a number of changes from the previous AASB 101. The main changes are to require that an entity must: <ul style="list-style-type: none"> present all non-owner changes in equity ('comprehensive income') either in one statement 	31 December 2009	The changes to AASB 101 (September 2007) do not affect recognition or measurement criteria, therefore the changes are not expected to have any impact on the entity's reported financial position.	AASB 2007 - 8 AASB 2007 - 10	Do not early adopt due to additional presentation requirements.

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		<p>of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income</p> <ul style="list-style-type: none"> • present an additional statement of financial position (balance sheet) as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in its financial statements • disclose income tax relating to each component of other comprehensive income • disclose reclassification adjustments relating to components of other comprehensive income <p>There are other changes to terminology, however these are not mandatory</p>				
AASB 123 Borrowing Costs (June 2007)	AASB 123 Borrowing Costs (July 2004)	AASB 123 (June 2007) incorporates amendments removing the option to immediately expense borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	31 December 2009	As the entity does not have borrowings associated with qualifying assets, these amendments are not expected to have any impact on the entity's financial report.	AASB 2007 - 6	Early adopt unless the entity has borrowing costs related to qualifying assets which are currently expensed.
AASB 127 Consolidated and Separate Financial Statements (March 2008)	AASB 127 Consolidated and Separate Financial Statements (July 2004)	<p>AASB 127 (March 2008) amends how entities account for business combinations and changes in ownership interests in subsidiaries.</p> <p>Many changes were made to this standard affecting acquisitions and disposals which do not result in a change of control, partial disposals where control is lost, attribution of profit or loss to non-controlling interests and loss of significant influence or control</p>	30 June 2010	As the transitional provision of AASB 127 provide that the changes to the recognition and measurement criteria within AASB 127 resulting from this revision do not apply retrospectively to business combinations effected prior to the amendments being adopted, this standard is not expected to have any impact on the entity's financial report.	AASB 3 (March 2008) AASB 2008 - 3	Early adopt

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		<p>in relation to Associates and Joint Ventures.</p> <p>AASB 127 replaces the term “Minority Interest” with the “Non-controlling Interest”.</p> <p>AASB 127 is applied retrospectively, with certain exceptions relating to the significant changes made in this revision.</p> <p>See technical update 2008 – xx for more detailed information on the changes arising from AASB 3.</p>				
AASB 1004 Contributions (December 2007)	AASB 1004 Contributions (July 2004)	AASB 1004 (December 2007) incorporates amendments which have the effect of relocating the accounting requirements of contributions from AASs 27, 29 and 31 substantively unamended (with some exceptions) into AASB 1004.	30 June 2009	As the entity is a for-profit entity the changes will not have any impact on the entity’s reported financial position.	None	Early adopt, further consideration needed if the entity is a public sector entity.
AASB 1039 Concise Financial Reports (August 2008)	AASB 1039 Concise Financial Reports (April 2005)	AASB 1039 (August 2008) incorporates amendments to terminology and descriptions of the financial statements to achieve consistency with AASB 101 and the rewording of the disclosure requirements relating to segments to achieve consistency with AASB 8.	31 December 2009	As the entity has not prepared a concise financial report the changes will not have any impact on the entity’s financial report.	AASB 101 AASB 8	Early adopt unless the entity is preparing a concise financial report.
AASB 1049 Whole of Government and General Government Sector Financial Reporting (October 2007)	AASB 1049 Financial Reporting of General Government Sectors by Governments (September 2006)	AASB 1049 (October 2007) was issued to amend the standard issued in September 2006.	30 June 2009	As the entity is not part of the Government or a Government sector, this standard will not have any impact on the entity’s financial report.	None	Early adopt unless entity is part of the general government sector
AASB 1050	AAS 29 (part)	AASB 1050 was issued after the AASB decided to	30 June 2009	As the entity is not part of the Government	AASB 1051	Early adopt

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Administered Items(December 2007)		relocate the requirements for the disclosure of administered items from AAS 29, substantively unamended (with some exceptions, as noted in Appendix A to AASB 1051), into a new topic-based Standard, AASB 1050. AASB 1050 applies only to general purpose financial reports of government departments.		or a Government sector, this standard will not have any impact on the entity's financial report.	AASB 1052 AASB 2007 - 9	unless entity is part of the public sector
AASB 1051 Land Under Roads (December 2007)	AAS 27, AAS 29 and AAS 31 (part)	AASB 1051 was issued after the AASB made substantial changes to the requirements of AAS 27, 29 and 31 and decided to relocate the amended requirements into a new topic-based Standard, AASB 1051. AASB 1051 applies only to general purpose financial reports of local governments, government departments, GGSs and whole of governments.	30 June 2009	As the entity is not part of the Government or a Government sector, this standard will not have any impact on the entity's financial report.	AASB 1050 AASB 1052 AASB 2007 - 9	Early adopt unless entity is part of the public sector
AASB 1052 Disaggregated Disclosures (December 2007)	AAS 27 and AAS 29 (part)	AASB 1052 was issued after the AASB decided to relocate the requirements relating to reporting of disaggregated information by local governments from AAS 27 and government departments from AAS 29, substantively unamended (with some exceptions, as noted in Appendix A), into a new topic-based Standard, AASB 1052. AASB 1052 applies only to general purpose financial statements of local governments and government departments.	30 June 2009	As the entity is not part of the Government or a Government sector, this standard will not have any impact on the entity's financial report.	AASB 1050 AASB 1051 AASB 2007 - 9	Early adopt unless entity is part of the public sector
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102,	Various	AASB 2007-3 consequentially amends a number of standards arising from the issue of AASB 8. These amendments result from the changing the name of the segment reporting standard to AASB 8.	31 December 2009	AASB 2007 -3 is a disclosure standard and therefore has no impact on the entity's reported position or performance.	AASB 8	Early adopt if AASB 8 (February 2007) is early adopted.

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AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]						
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Various	The revision of AASB 123 necessitates consequential amendments to a number of existing Standards. The amendments principally remove references to expensing borrowing costs on qualifying assets, as AASB 123 was revised to require such borrowing costs to be capitalised.	31 December 2009	As the entity does not have borrowings associated with qualifying assets, these amendments are not expected to have any impact on the entity's financial report.	AASB 123 (July 2007)	Early adopt if AASB 123 (June 2007) is early adopted.
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	Various	AASB 2007-8 consequentially amends a number of AASB's as a result of the reissue of AASB 101. Some of the changes include changing the terms: <ul style="list-style-type: none"> • 'general purpose financial report' to 'general purpose financial statements' • 'financial report' to 'financial statements' in application paragraphs, where relevant, of Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.	31 December 2009	As the changes do not affect recognition or measurement criteria, the changes are not expected to have any impact on the entity's reported financial position and performance.	AASB 101 (September 2007) AASB 2007-10	Early adopt if AASB 101 (September 2007) and AASB 2007-10 are early adopted.
AASB 2007-9 Amendments to Australian	Various	AASB 2007-9 was issued after the AASB made substantial changes to the requirement of AAS 27, 29 and 31 and decided to relocate the amended	30 June 2009	As the entity is not part of the Government or a Government sector, this standard will not have any impact on the entity's financial	AASB 1050 AASB 1051	Early adopt, unless entity is a public sector

New Standard	Superseded Standard	Explanation of amendments not yet effective	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not early adopted)	Related standards/ interpretation which must be early adopted if this standard/ interpretation is early adopted	Suggested action
Accounting Standards arising from the Review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]		requirements into a new topic-based Standard. As such consequential amendments were necessary to other Australian Accounting Standards.		report.	AASB 1052	entity.
AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	Various	AASB 2007-10 makes a number of consequential amendments to a number of accounting standards arising from the revision of AASB 101 in September 2007. The changes are largely to terminology for example changing the term 'general purpose financial report' to 'general purpose financial statements' and the term 'financial report' to 'financial statements', where relevant, in Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.	31 December 2009	As the changes do not affect recognition or measurement criteria, the changes are not expected to have any impact on the entity's reported financial position and performance.	AASB 101 (September 2007) AASB 2007-8	Early adopt if AASB 101 (September 2007) and AASB 2007-8 are early adopted.
AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations [AASB 2]	AASB 2 Share-based Payments (June 2007)	AASB 2008-1 was issued after the AASB made changes to AASB 2 Share Based Payments including: <ul style="list-style-type: none"> Clarifying that vesting conditions are service conditions and performance conditions only, and that other features of a share-based payment are not vesting conditions. Cancellations, whether by the entity or by other parties, should be accounting for consistently.	31 December 2009	Unless the entity enters into share-based payment transactions in future reporting periods, these amendments are not expected to have any impact on the entity's financial report.	None	Early adopt.
AASB 2008-2	Various	AASB 2008-2 makes amendments to AASB 132	31 December	As the entity has no puttable financial	None	Early adopt

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Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]		and AASB 101, permitting certain puttable financial instruments to be classified as equity rather than liabilities, subject to certain criteria being met.	2009	instruments, the changes are not expected to have any impact on the entity's reported financial position.		unless entity has puttable financial instruments.
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]	Various	AASB 2008-3 was issued after the AASB revised AASB 3 and AASB 127, as consequential amendments were necessary to other Australian Accounting Standards. See technical update 2008 – xx on AASB 3 and AASB 127.	30 June 2010	See above for AASB 3 and AASB 127 information.	AASB 3 (March 2008) AASB 127 (March 2008)	See above for AASB 3 and AASB 127 information.
AASB 2008-5 Amendments to Australian Accounting	Various	AASB 2008-5 makes a number of minor, but necessary amendments to different Standards arising from the annual improvements project. The amendments largely clarify accounting treatments	31 December 2009	Given the number of standards amended by these standards, an example disclosure is not included. Entities should refer to TA Alert 2008-13 and assess the impact of each of the	None	Refer to TA Alert 2008-13 for further information on

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Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038].		where previous practice had varied, with some new or amended requirements introduced. The changes addressed include accounting for advertising and promotional expenditure, investment property under construction and the reclassification to inventories of property, plant and equipment previously held for rental when the assets cease to be rented and are held for sale.		amendments on their organisation.		each of the amendments in order to their application to the entity.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]	Various	AASB 2008-6 makes further amendments arising from the annual improvements project. These amendments are made to AASB 1 and AASB 5 to include requirements relating to a sale plan involving the loss of control of a subsidiary, and the requirements for all assets and liabilities of such subsidiaries to be classified as held for sale. Disclosure requirements are also clarified.	31 December 2009	As the entity does not have current plans to sell any subsidiaries, these amendments are not expected to have any impact on the entity's financial report.	AASB 2008-5	Early adopt
AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or	Various	AASB 2008-7 makes changes to a number of accounting standards, for the purpose of reducing the burden on parent entities when complying with AASB 127 and measuring the cost of a subsidiary at acquisition in their separate financial statements in certain circumstances. The amendments are to apply only on initial application of Australian Equivalents to International Financial Reporting Standards (AASBs).	31 December 2009	As this is not the first year of adoption of AIFRSs, these amendments will not have any impact on the entity's financial report.	None	Early adopt

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Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]						
AASB 2008-8 Amendments to Australian Accounting Standards - Eligible Hedged Items [AASB 139]	AASB 139 Financial Instruments: Recognition and Measurement	AASB 2008-8 makes amendments to AASB 139 to clarify the application of some of AASB 139's requirements on designation of a risk or a portion of cash flows for hedge accounting purposes; including: The main issues addressed are: <ul style="list-style-type: none"> • Designation of one-sided risks • Designation of portions of cash flows of a financial instrument, with reference to inflation components; and • Hedge effectiveness when hedging one-sided risks with a purchased option. 	30 Jun 2010	As the entity does not apply cash flow hedge accounting, these amendments will not have any impact on the entity's financial report.	None	Early adopt unless applying the cash flow hedge accounting requirements.
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	AASB 1049 Whole of Government and General Government Sector Financial Reporting (October 2007)	AASB 2008-9 makes amendments to AASB 1049 to ensure consistency with AASB 101 Presentation of Financial Statements (September 2007). This alignment is consistent with the broad approach taken in the AASB's Generally Accepted Accounting Principles/Government Finance Statistics (GAAP/GFS) Harmonisation project.	31 December 2009	As the entity is not part of the Government or a Government sector, this standard will not have any impact on the entity's financial report.	None	Early adopt unless entity is part of the public sector
Australian Accounting Interpretations						
Interpretation 13 Customer Loyalty Programs (August 2007)	N/A	This Interpretation gives guidance on accounting for customer loyalty award credits granted to an entity's customers as part of a sales transaction and which, subject to meeting any further qualifying	30 June 2009	As the entity enters into does not have customer loyalty programmes, this interpretation is not expected to have any impact on the entity's financial report.	None	Early adopt unless entity has customer loyalty programs.

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		conditions, the customers can redeem in the future for free or discounted goods or services.				
Interpretation 15	N/A	This Interpretation aims to standardise accounting practice among real estate developers for sales of units, such as apartments or houses, 'off plan', i.e. before construction is complete, with regards to the recognition of revenue.	31 December 2009	As the entity is not in the business of developing real estate, this interpretation is not expected to have any impact on the entity's financial report.	None	Early adopt unless the entity develops real estate.
Interpretation 16	N/A	This Interpretation clarifies when in a group situation hedge accounting can be applied in relation to foreign exchange risks associated with foreign operations.	30 September 2009	As the entity does not apply net investment hedge accounting, this interpretation is not expected to have any impact on the entity's financial report.	None	Early adopt unless the entity applies net investment hedge accounting.
Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	UIG Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	This interpretation deals with a number of issues relating to Government Sector Entities. Further information has not been included as this Interpretation is not expected to impact Grant Thornton's clients.	30 June 2009	As the entity is not a government sector entity, this interpretation will not have any impact on the entity's financial report.	None	Early adopt unless public sector entity.

Action Required

- Entities should discuss the relevant disclosure requirements and information with their Grant Thornton Australia contact to ensure completeness and accuracy of information disclosed under AASB 108.
- Further information on any of the above standards / interpretations can be obtained from your local Grant Thornton Australia contact or a member of the National Audit Support team on NAS@grantthornton.com.au