

Technical Accounting Alert

AASB 108 disclosures for standards issued not yet effective

Introduction

When the accounting standards boards (AASB / IASB) issue a new pronouncement with an effective date after the next reporting date of an entity; an entity has a choice.

The standard can either:

- be early adopted via a directors minute (an example minute is included in this alert) and disclosure in the financial statements or
- not be adopted, in which case paragraph 30 of AASB 108 *Accounting policies, changes in accounting estimates and errors* should be complied with as described below.

Requirements of paragraph 30 of AASB 108

When an entity has elected not to early adopt a new 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

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- 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 Accounting Standards / Interpretations with an effective date post 30 June 2009.

This will allow entities to determine:

- whether to early adopt these standards or
- 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 30 June 2009

(The list represents accounting standards / interpretations issued by the Australian Accounting Standards Board (AASB) and International Accounting Standards Board (IASB) at 16 June 2009).

Note: where an entity includes an explicit and unreserved statement of compliance with IFRS as required by AASB 101; the entity needs to consider standards issued by the IASB not yet issued by the AASB due to timing. This is likely to apply to all entities except for those issuing special purpose financial reports and not-for-profit entities.

Whilst we have provided suggested actions in relation to each of these standards and interpretations, further advice or research should be performed where the standard may have specific implications based on the balances / transactions occurring.

Early adoption of standards

Where standards are early adopted, the following director's minutes may be used for Corporations Act entities:

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

- *list standards / interpretations*

New / revised pronouncement	Superseded pronouncement	Explanation of amendments	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 pronouncement which must be early adopted if this standard/ interpretation is early adopted	Suggested action
Accounting Standards						
AASB 1 <i>First time adoption of Australian Accounting Standards</i> (May 2009) – “AASB 1R”	AASB 1 First Time adoption of Australian Equivalents to International Financial Reporting Standards (June 2007)	Structure of the standard has been amended for ease of use.	30 June 2010	As this is not the first year of adoption of IFRSs, these amendments will not have any impact on the entity’s financial report	None	Early adopt
AASB 3 Business Combinations (March 2008) – “AASB 3R”	AASB 3 Business Combinations (April 2007)	AASB 3R 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 – 12 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 as further consideration of the impacts will be required.
AASB 8 Operating Segments (February 2007)	AASB 114 Segment Reporting (September 2005)	AASB 8 supersedes AASB 114. 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 – 03 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.

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AASB 101 Presentation of Financial Statements (September 2007) – “AASB 101R”	AASB 101 Presentation of Financial Statements (July 2007)	<p>AASB 101R contains a number of changes from the previous AASB 101. The main changes are to require that an entity must:</p> <ul style="list-style-type: none"> • present all non-owner changes in equity ('comprehensive income') either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income • 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>	31 December 2009	AASB 101R does 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.
AASB 123 Borrowing Costs (June 2007) – “AASB 123R”	AASB 123 Borrowing Costs (July 2004)	AASB 123R 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 where the transitional arrangements are complex.

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AASB 127 Consolidated and Separate Financial Statements (March 2008) – “AASB 127R”	AASB 127 Consolidated and Separate Financial Statements (July 2004)	<p>AASB 127R 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 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>	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 depending on whether business combinations have occurred during the period.
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 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	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 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 2007-10 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.

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AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations [AASB 2]	AASB 2 Share-based Payments (June 2007)	<p>AASB 2008-1 was issued after the AASB made changes to AASB 2 Share Based Payments including:</p> <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. <p>Cancellations, whether by the entity or by other parties, should be accounting for consistently.</p>	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 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]	Various	AASB 2008-2 makes amendments to AASB 132 and AASB 101, permitting certain puttable financial instruments to be classified as equity rather than liabilities, subject to certain criteria being met.	31 December 2009	As the entity has no puttable financial instruments, the changes are not expected to have any impact on the entity's reported financial position.	None	Early adopt 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.

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AASB 2008-5 Amendments to Australian Accounting 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].	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 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.	31 December 2009	Given the number of standards amended by this amendment, an example disclosure is not included. Entities should refer to TA Alert 2008-13 and assess the impact of each of the amendments on their organisation.	None	Refer to TA Alert 2008-13 for further information on 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 Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	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 IFRSs, these amendments will not have any impact on the entity's financial report.	None	Early adopt

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AASB 2008-8 Amendments to Australian Accounting Standards - Eligible Hedged Items [AASB 139]	AASB 139 Financial Instruments: Recognition and Measurement	<p>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:</p> <p>The main issues addressed are:</p> <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
AASB 2008-11 Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities [AASB 3]	AASB 3 Business Combinations (March 2008)	AASB 2008-11 mandates that the requirements in AASB 3 (March 2008) are applicable to business combinations among not-for-profit entities (other than restructures of local governments) that are not commonly controlled. It also allows those requirements to be early adopted by not-for-profit entities. Also included are specific recognition, measurement and disclosure requirements relating to local government restructures.	30 June 2010	<p>As the entity is a for-profit entity, this standard is not expected to have any impact on the entity's financial report.</p> <p>OR</p> <p>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.</p> <p>Note: If the entity is a not-for-profit entity and has been a party to a business combination during the year, and is a not-for-profit entity please contact NAS@grantthornton.com.au for assistance with this disclosure.</p>	AASB 127 (March 2008) AASB 2008 -3	Early adopt, unless the entity is a not-for-profit entity and has been a party to a business combination during the year.

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AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]	Various	AASB 2008-13 makes amendments to AASB 5 and AASB 110 resulting from the issue of Interpretation 17. The amendments relate to the classification, presentation and measurement of non-current assets held for distribution to owners and the disclosure requirements for dividends that are declared after the reporting period but before the financial statements are authorised for issue.	30 June 2010	As the entity has not declared any non-cash dividends to owners during the year, this interpretation is not expected to have any impact on the entity's financial report.	Interpretation 17	Early adopt unless the entity has distributed non-cash assets in settlement of dividends declared to owners.
AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2, AASB 138 and AASB Interpretations 9 & 16]	N/a	Makes various amendments to a number of standards and interpretations in line with the IASB annual improvements project	30 June 2010	Given the number of standards amended by AASB 2009-4, an example disclosure is not included. Entities assess the impact of each of the amendments on their organisation.	Related standard where applicable	Varies depending on relevance
AASB 2009-05 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 118, 136, 139]	N/a	Makes various amendments to a number of standards and interpretations in line with the IASB annual improvements project	31 December 2010	Given the number of standards amended by AASB 2009-5, an example disclosure is not included. Entities assess the impact of each of the amendments on their organisation.	Related standard where applicable	Varies depending on relevance

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Australian Accounting Interpretations						
Interpretation 15 <i>Agreements for Construction of Real Estate</i>	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 <i>Hedges of a Net Investment in a Foreign Operation</i>	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 17 Distributions of Non-cash Assets to Owners	N/A	This Interpretation provides guidance on how entities should measure distributions of assets other than cash when it pays dividends to its owners, except for common control transactions.	30 June 2010	As the entity has not declared any non-cash dividends to owners during the year, this interpretation is not expected to have any impact on the entity's financial report.	AASB 2008-13	Early adopt unless the entity has distributed non-cash assets in settlement of dividends declared to owners.
Interpretation 18 <i>Transfers of Assets from Customers</i>	N/A	This Interpretation clarifies the accounting for agreements in which an entity receives an item of PPE from a customer that they must use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.	Asset transfers received on or after 1 July 2009	As the entity does not have any agreements in place under the scope of Interpretation 18; this standard is not applicable to the entity.	None	Early adopt unless utility entity or other entity with these agreements.

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

