

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 disclosed 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:

- this fact; and
- 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 alert

The purpose of this TA Alert is to provide information regarding the Accounting Standards/Interpretations that have been issued with an effective date post 30 June 2010.

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 31 December 2009

(The list represents accounting standards / interpretations issued by the Australian Accounting Standards Board (AASB) and International Accounting Standards Board (IASB) at 31 May 2010).

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 an indicative impact 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 within the entity.

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 is early adopted	Likely impact
Accounting Standards						
AASB 9 Financial Instruments AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 139 Financial Instruments: Recognition and Measurement (part)	AASB 9 introduces new requirements for the classification and measurement of financial assets. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value. See TA Alert 2009-22 for further information.	31 December 2013	AASB 9 amends the classification and measurement of financial assets; the effect on the entity will be that more assets are held at fair value and the need for impairment testing has been limited to assets held at amortised cost only.	IFRS 9	Depending on assets held, there may be significant movement of assets between fair value and cost categories and ceasing of impairment testing on available for sale assets.
AASB 124 Related Party Disclosures AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124.	AASB 124 Related Party Disclosures	This revision amends the disclosure requirements for government related entities and the definition of a related party.	31 December 2011	Since the entity is not a government related entity; there is not expected to be any changes arising from this standard.	AASB 2009-12	Unlikely to have significant impact in Australia.
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	N/a	Makes various amendments to a number of standards and interpretations in line with the IASB annual improvements project. See TA Alert 2009-16 for further information.	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, however impact is unlikely to be significant.
AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters	AASB 1 First Time adoption of Australian Equivalents to International Financial Reporting Standards (June 2007)	AASB 2009-9 makes amendments to ensure that entities applying Australian Accounting Standards for the first time will not face undue cost or effort in the transition process in particular situations.	31 December 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	AASB 1	No impact for entities who are applying IFRS.

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 is early adopted	Likely impact
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	AASB 132 Financial Instruments: Presentation	AASB 2009-10 makes amendments which clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its non-derivative equity instruments. See TA Alert 2009-21 for further information.	31 January 2011	As the entity does not have any rights, options or warrants to acquire their own equity instruments, these amendments will not have any impact on the entity's financial report.	AASB 132	Potentially significant if rights issues have been offered and denominated in foreign currency.
AASB 2009-13 Amendments to AASB 1 arising from Interpretation 19	Interpretation 19	This standard amends AASB 1 to allow a first-time adopter to use the transitional provisions in Interpretation 19.	30 June 2011	As the entity is not a first-time adopter of IFRS, this standard will not have any impact.	None	Unlikely to have significant impact.
AASB 2010-01 Limited exemption from comparative AASB 7 disclosures for first time adopters (Amendments to AASB 1 and AASB 7)	AASB 1: First-time adoption of Australian Accounting Standards AASB 7 Financial instruments: Disclosures	These amendments principally give effect to extending the transition provisions of AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments to first-time adopters of Australian Accounting Standards.	30 June 2011	As the entity is not a first-time adopter of IFRS, this standard will not have any impact.	None	Reduced disclosures for first-time adopters.
IFRS Annual Improvements 2010 (May 2010)	Various	Makes various amendments to a number of standards and interpretations. See TA Alert 2010-06 for more details on the amendments.	Application dates either 30 June 2011 or 31 December 2011.	Given the number of standards amended by the Annual Improvements, an example disclosure is not included. Entities should assess the impact of each amendment on their organisation.	None	Varies depending on relevance; however impact is unlikely to be significant.

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Australian Accounting Interpretations						
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	N/A	This interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. These transactions are sometimes referred to as 'debt for equity swaps'. See TA Alert 2009-25 for further information.	30 June 2011	As the entity has not renegotiated any financial liabilities into equity instruments this interpretation is not expected to have any impact on the entity's financial report.	None	Significant if the entity has renegotiated any financial liabilities to equity instruments.
AASB 2009-14 Prepayments of a Minimum Funding Requirement (Amendments to Interpretation 14)	N/A	This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan. See TA Alert 2009-26 for further information.	31 December 2011	As the entity does not have a defined benefit pension plan this amendment to Interpretation 14 is not expected to have any impact on the entity's financial report.	None	Possibly significant if the entity has a defined benefit pension plan.



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 paragraph 30 of AASB 108.

Further information

For further information on any of the information included in this TA alert, please contact your local Grant Thornton Australia contact or a member of the National Audit Support team at

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