

Technical Accounting Alert

AASB issues Amending Pronouncements to Extend Consolidation Relief

Introduction

The purpose of this alert is to bring attention the recent release by the AASB of the two amending pronouncements AASB 2011-05 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation* and AASB 2011-06 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements* and there requirements.

Requirements Outline

The Australian Accounting Standards Board (AASB) has issued two Amending Standards to extend relief from consolidation, the equity method and proportionate consolidation to not-for-profit entities and Tier 2 entities in particular circumstances. This builds on the de-regulation of general purpose financial reporting introduced through AASB 1053 *Application of Tiers of Australian Accounting Standards* in 2010 and the AASB expects Tier 2 entities to be the main beneficiaries of the relief.

AASB 2011-5 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation* applies to annual reporting periods beginning on or after 1 July 2011 and can be adopted early for periods beginning on or after 1 January 2005. AASB 2011-6 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements* applies to annual reporting periods beginning on or after 1 July 2013 and can be adopted early for periods beginning on or after 1 July 2009 provided that AASB 1053 is also adopted early for the same period.

AASB 2011-5 introduces the relief from consolidation for not-for-profit entities and AASB 2011-6 does so for Tier 2 entities.

For example, under the Amending Standards, a not-for-profit parent would be relieved from preparing consolidated financial statements if it had an ultimate not-for-profit parent that produces consolidated financial statements complying with Australian Accounting Standards available for public use, provided all the other relevant criteria are met. Similarly, a for-profit Tier 2 parent would be relieved from preparing consolidated financial statements if it had an ultimate Tier 2 parent that complies with Australian Accounting Standards – Reduced Disclosure Requirements.

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 NAS@grantthornton.com.au

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