

Technical Accounting Alert

AASB issues new Superannuation Standard

Introduction

On 5 June 2014, the Australian Accounting Standards Board (AASB) issued [AASB 1056](#) *Superannuation Entities* which replaces existing AAS 25 *Financial Reporting by Superannuation Plans*.

Background

AAS 25 was issued in the early 1990s to address the financial reporting issues that superannuation entities were specifically dealing with at the time. AASB 1056 updates the requirements in light of recent significant developments in the superannuation industry and the adoption of International Financial Reporting Standards (IFRSs) in Australia. This new Standard also addresses deficiencies in AAS 25 and makes the requirements for superannuation entities more consistent with current requirements in Australian Accounting Standards.

Scope

AASB 1056 applies to the large superannuation entities regulated by the Australian Prudential Regulation Authority (APRA) and to public sector superannuation entities. It does not apply to self-managed superannuation funds (SMSF) or small APRA funds.

The requirements of AASB 1056 effectively override the requirements of other Australian Accounting Standards. However, on matters that are not specifically addressed by AASB 1056, the requirements in other Australian Accounting Standards apply (for example, the requirements in AASB 7 *Financial Instruments: Disclosures* and AASB 124 *Related Party Disclosures* will apply to superannuation entities).

Key Changes

This new Standard is expected to result in significant changes to the recognition, measurement, presentation and disclosures relating to superannuation entity financial statements. Some of the key changes include:

- greater level of integration between AASB 1056 and other Australian Accounting Standards
- a revised definition of a superannuation entity
- revised content/presentation of financial statements (e.g. the introduction of a statement of changes in member benefits and a statement of changes in equity/reserves)

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- use of fair value rather than net market value for measuring assets and liabilities (subject to certain exceptions)
- revised member liability recognition and measurement requirements
- new requirements regarding employer-sponsor receivables
- new/revised disclosure requirements

For more information on the main differences between AASB 1056 and AAS 25, please refer to pages 32 -39 of AASB 1056.

Effective date and transition

AASB 1056 is effective for annual reporting periods beginning on or after 1 July 2016. Earlier application is permitted.

On initial application of this Standard, superannuation entities are not required to present a statement of financial position as at the beginning of the earliest comparative period.

Action required

Superannuation entities should start considering the impact of this standard on their financial statements sooner rather than later so as to prepare themselves properly for the changes that may be required. Superannuation entities should also consider and disclose the likely impact of this amendment in their 30 June 2014 financial reports accordance with paragraph 30 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

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 nationalaudit.support@au.gt.com.