



Technical Accounting Alert

Publication of AASB 14 and Omnibus Amending Standard AASB 2014-1

Introduction

On 17 June 2014, the Australian Accounting Standards Board (AASB) issued [AASB 2014-1](#) *Amendments to Australian Accounting Standards* and [AASB 14](#) *Regulatory Deferral Accounts*.

AASB 2014-1 Amendments to Australian Accounting Standards

AASB 2014-1 is an omnibus Amending Standard comprising five distinct Parts. Each Part has its own application date and transition provisions.

Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles

Part A makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*.

Part A is applicable to annual reporting periods beginning on or after 1 July 2014, except that the amendments to AASB 9 *Financial Instruments* apply only when that Standard is applied or operative. Early application of each amendment is permitted, subject to certain conditions.

Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)

Part B makes amendments to AASB 119 *Employee Benefits* to incorporate the IASB's practical expedient amendments finalised in International Financial Reporting Standard *Defined Benefit Plans: Employee Contributions* (Amendments to IAS 19) in relation to the requirements for contributions from employees or third parties that are linked to service.

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of AASB 119 for the gross benefit.

Part B is applicable to annual reporting periods beginning on or after 1 July 2014, with early application permitted.

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Part C: Materiality

Part C makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 *Materiality*, which historically has been referenced in each Australian Accounting Standard. The AASB is making these amendments as and when each Standard is also being amended for another purpose. Specific references to AASB 1031 have already been deleted from some Australian Accounting Standards following the issuance of [AASB 2013-9](#) *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* in December 2013.

Part C is applicable to annual reporting periods beginning on or after 1 July 2014, with limited early application permitted.

Part D: Consequential Amendments arising from AASB 14

Part D makes consequential amendments arising from the issuance of AASB 14 (noted below). Part D is applicable to annual reporting periods beginning on or after 1 January 2016, with early application permitted.

Part E: Financial Instruments

Part E makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 *Financial Instruments* to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments* and to amend reduced disclosure requirements for AASB 7 *Financial Instruments: Disclosures* and AASB 101 *Presentation of Financial Statements*.

These consequential amendments and changes to reduced disclosure requirements include amendments that had been made by Part C of AASB 2013-9, but which needed to be remade in order to be effective, in view of procedural issues with repealed Accounting Standards. Further information about the amendments to AASB 9 made in AASB 2013-9, including an appendix summarising the different ways in which AASB 9 is available for early application, is outlined in [AASB Media Release 23 December 2013](#).

Part E is applicable to annual reporting periods beginning on or after 1 January 2015, with some amendments only becoming mandatorily applicable from a later date. Early application is permitted, subject to certain conditions. If an entity applies AASB 9 as amended by AASB 2013-9 to an annual reporting period beginning before 1 January 2015, Part E shall also be applied to that earlier period.

AASB 14 Regulatory Deferral Accounts

AASB 14 has been developed as an interim Standard pending completion by the IASB of a comprehensive project on rate regulated activities.

AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.

It is expected that, in Australia, the impact of AASB 14 will be limited.

AASB 14 is applicable to annual reporting periods beginning on or after 1 January 2016, with early application permitted.

Action required

Entities should start considering the impact of these new and revised requirements on their financial statements sooner rather than later so as to prepare themselves properly for the changes that may be required. 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.