

# Technical Accounting Alert

## What's New for December 2012?

### Introduction

The objective of this Technical Accounting Alert (TA Alert) is to:

- provide information on new and revised Accounting Standards that are mandatorily applicable for the first time to 31 December 2012 annual and/or half-year ends; and
- highlight other recent financial reporting developments.

### Overview

There are a number of new and revised Australian accounting requirements that apply mandatorily for the first time to annual and/or half-year reporting periods ending 31 December 2012, which are as summarised in the table below:

Standard	Mandatory effective date (Annual periods beginning on or after ...)	Applicable for the first time to year ending 31 December 2012?	Applicable for the first time to half-year ending 31 December 2012?
AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i>	1 July 2011	✓	X
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012	✓	✓
AASB 2010-9 <i>Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>	1 July 2011	✓	X
AASB 1054 <i>Australian Additional Disclosures</i>	1 July 2011	✓	X
AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i>	1 July 2011	✓	X
AASB 2011-5 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation</i>	1 July 2011	✓	X
AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i>	1 July 2012	X	✓

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All of the above Standards, with the exception of AASB 2010-8 and AASB 2011-9, were mandatorily effective for annual periods beginning on or after 1 July 2011. Further information on these Standards can be found in [TA Alert 2012-06 \*What's New for June 2012?\*](#)

Accordingly, this TA Alert focuses only on AASB 2010-8 and AASB 2011-9.

Appendix A of this TA Alert contains information on pronouncements recently issued by the Australian Accounting Standards Board (AASB) and the International Accounting Standards Board (IASB) that are not yet applicable. For a comprehensive list of all the pronouncements issued by the AASB and the IASB that are not yet effective, refer to our latest TA Alert on this topic on our website

([http://www.grantthornton.com.au/Publications/Tools-and-resources/Technical-publications/Local\\_Alerts.asp](http://www.grantthornton.com.au/Publications/Tools-and-resources/Technical-publications/Local_Alerts.asp)).

#### *AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*

AASB 2010-8 provides clarification on the determination of deferred tax assets and deferred tax liabilities when investment property is measured using the fair value model in AASB 140 *Investment Property*.

It introduces a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model where the objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

AASB 2010-8 also includes the requirement that the measurement of deferred tax assets and deferred tax liabilities on non-depreciable assets measured using the revaluation model in AASB 116 *Property, Plant and Equipment* should always be based on recovery through sale.

This Standard is applicable to annual periods beginning on or after 1 January 2012, and therefore it applies to both full and half-years ending 31 December 2012.

See [TA Alert 2010-60](#) for more information.

#### *AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*

AASB 2011-9 requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (i.e. reclassification adjustments).

AASB 2011-9 does not:

- remove the option to present profit or loss and other comprehensive income in two statements; or
- change the option to present items of OCI either before tax or net of tax.

However, if the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified to profit or loss and those that will not be reclassified) must be shown separately.

Furthermore, AASB 2011-9 changes the title of ‘statement of comprehensive income’ to ‘statement of profit or loss and other comprehensive income’. When a two-statement approach is followed, the title of the first statement is amended to read ‘statement of profit or loss’. However, these amendments do not prohibit entities using titles other than those used in AASB 101 *Presentation of Financial Statements*.

AASB 2011-9 is applicable to annual periods beginning on or after 1 July 2012, and accordingly it only applies to half-years ending 31 December 2012.

See [TA Alert 2011-07](#) for more information.

#### Other financial reporting developments

##### *Corporations Legislation Amendment (Audit Enhancement) Act 2012*

In June 2012, the Australian Government passed the *Corporations Legislation Amendment (Audit Enhancement) Act 2012* which amended *Corporations Act 2001* to:

- enable directors of a listed company or listed registered scheme to extend the auditor rotation period for up to two years in certain circumstances (from 5 years to 7 years); and
- require auditors, including firms and audit companies, who audit ten or more listed companies, listed registered schemes, authorised deposit-taking institutions and insurance companies to publish a transparency report.

The Act also amended the *Australian Securities and Investments Commission Act 2001* to:

- require the Financial Reporting Council (FRC) to provide the Minister and professional accounting bodies with advice in relation to the quality of audits conducted by Australian auditors;
- enable the Australian Securities and Investments Commission (ASIC) to publish information about audit failures it has identified; and
- enable ASIC to communicate certain information obtained regarding an audit directly with the audited body.

The changes to the *Australian Securities and Investments Commission Act 2001* took effect on 27 June 2012, whereas the amendments to *Corporations Act 2001* became operational on 25 July 2012.

For further information, refer to [TA Alert 2012-03](#).

##### *AASB Staff Guidance on Carbon Tax*

On 5 July 2012, the AASB published a staff paper entitled [Possible Financial Reporting Implications for the Fixed Price Phase of the Carbon Pricing Mechanism for Emitter Entities](#).

The paper is designed to assist constituents in identifying the key financial reporting issues that may arise for emitter entities during the fixed price phase of the carbon pricing mechanism and possible accounting treatments in respect of those issues under current Australian Accounting Standards.

This staff paper has no authoritative standing.

### *Changes to Victorian Incorporated Associations Legislation*

The Victorian Government has passed the *Associations Incorporation Reform Act 2012* which becomes operative on 26 November 2012. The new Act will replace the existing *Associations Incorporation Act 1981*.

Under this Act, among other changes, a new three-tiered reporting framework will replace the current 'prescribed' and 'non-prescribed' reporting requirements. The tiers are based on an association's total revenue:

- Tier one: \$0 – \$250,000;
- Tier two: \$250,000 – \$1,000,000; and
- Tier three: more than \$1,000,000.

Only tier-three associations will be required to have their financial statements audited. Tier-two associations will be required to have their financial statements reviewed (or audited) by an independent accountant. Tier-one associations do not need to have their financial statements reviewed. However, a majority of members present at a general meeting may vote to do so.

For further information, refer to the Consumer Affairs Victoria [website](#).

#### 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](mailto:nationalaudit.support@au.gt.com)

# Appendix A: Newly Issued Pronouncements

AASB Standards issued since 1 January 2012 which are not yet effective\*

Standard	Date of Issue	Mandatory effective date (Annual periods beginning on or after ...)	Early adoption permitted?#
AASB 2012-1 <i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements</i>	4 April 2012	1 July 2013	Yes
AASB 2012-2 <i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	6 July 2012	1 January 2013	No
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i>	6 July 2012	1 January 2014	Yes
AASB 2012-4 <i>Amendments to Australian Accounting Standards – Government Loans</i>	6 July 2012	1 January 2013	Yes
AASB 2012-5 <i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle</i>	6 July 2012	1 January 2013	Yes
AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i>	14 September 2012	1 January 2013	Yes
AASB 2012-7 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	14 September 2012	1 July 2013	Yes

IASB Standards not yet issued by the AASB

Standard	Date of Issue	Mandatory effective date (Annual periods beginning on or after ...)	Early adoption permitted?#
<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i> (Amendments to IFRS 10, IFRS 11 and IFRS 12)	28 June 2012	1 January 2013	Yes
<i>Investment Entities</i> (Amendments to IFRS 10, IFRS 12 and IAS 27)^	31 October 2012	1 January 2014	Yes

\* For a comprehensive list of all the pronouncements issued by the AASB/IASB that are not yet effective, refer to our latest TA Alert on this topic on our website ([http://www.grantthornton.com.au/Publications/Tools-and-resources/Technical-publications/Local\\_Alerts.asp](http://www.grantthornton.com.au/Publications/Tools-and-resources/Technical-publications/Local_Alerts.asp)).

# Entities intending to early adopt these pronouncements should refer to the specific early application provisions in each Standard.

^ At its 31 October – 1 November 2012 board meeting, the AASB tentatively decided to delay the adoption of this amendment in Australia until after the AASB undertakes due process through an Exposure Draft (ED) to consider additional, compensating, note disclosures. An ED is expected to be issued by December 2012.