

Explanatory Statement

Accounting Standard AASB 2008-6
Further Amendments to Australian
Accounting Standards arising from the
Annual Improvements Project

July 2008



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Standards Amended by AASB 2008-6

This Standard makes amendments to Australian Accounting Standards AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. These amendments are additional to those in AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*.

The amendments result from proposals that were included in Exposure Draft ED 159 *Proposed Improvements to Australian Accounting Standards* issued in October 2007 and follow the issuance of the IASB Standard *Improvements to IFRSs* in May 2008. The IASB's annual improvements project provides a vehicle for making non-urgent but necessary amendments to Standards.

Main Features of this Standard

Application Date

This Standard is applicable to annual reporting periods beginning on or after 1 July 2009, with early adoption permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 July 2009. However, an entity shall not apply the amendments for annual reporting periods beginning before 1 July 2009 unless it also applies AASB 127 *Consolidated and Separate Financial Statements* (as amended by AASB 2008-5 in July 2008).

An entity applies the amendments prospectively from the date at which it first applied AASB 5, subject to the transitional provisions in paragraph 45 of AASB 127.

Main Requirements

This Standard amends AASB 1 and AASB 5 to include requirements relating to a sale plan involving the loss of control of a subsidiary. The amendments require all the assets and liabilities of such a subsidiary to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation.

Consultation Prior to Issuing AASB 2008-6

The AASB issued Exposure Draft ED 159 *Proposed Improvements to Australian Accounting Standards* in October 2007, which invited comments from Australian constituents on proposed amendments to Australian equivalents to IFRSs and consequential amendments to other Australian Accounting Standards arising from the IASB's annual improvements project. Nine submissions were received. The submissions indicated broad support for adopting the changes, although a number of constituents noted that some of the improvements proposed by the IASB would potentially change practice.

A Regulation Impact Statement has not been prepared in connection with the issue of AASB 2008-5 as the amendments made do not have a substantial direct or indirect impact on business or competition, are of a minor or machinery nature or clarify existing requirements.