

Accounting Standard

AASB 2008-6
July 2008

**Further Amendments to
Australian Accounting
Standards arising from the
Annual Improvements
Project**

[AASB 1 & AASB 5]



Australian Government

**Australian Accounting
Standards Board**

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The Customer Service Officer
Australian Accounting Standards Board
Level 7
600 Bourke Street
Melbourne Victoria
AUSTRALIA

Postal address:
PO Box 204
Collins Street West Victoria 8007
AUSTRALIA

Phone: (03) 9617 7637
Fax: (03) 9617 7608
E-mail: publications@aaasb.gov.au
Website: www.aasb.gov.au

Other Enquiries

Phone: (03) 9617 7600
Fax: (03) 9617 7608
E-mail: standard@aaasb.gov.au

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Australian Accounting Standard AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* is set out in paragraphs 1 – 11. All the paragraphs have equal authority.

PREFACE

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.

ACCOUNTING STANDARD AASB 2008-6

The Australian Accounting Standards Board makes Accounting Standard AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* under section 334 of the *Corporations Act 2001*.

Dated 24 July 2008

D.G. Boymal
Chair – AASB

ACCOUNTING STANDARD AASB 2008-6

FURTHER AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM THE ANNUAL IMPROVEMENTS PROJECT

Objective

- 1 The objective of this Standard is to make amendments to 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* as a consequence of the annual improvements project. These amendments are additional to those in AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*.

Application

- 2 **This Standard applies to:**
 - (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**
 - (b) **general purpose financial statements of each other reporting entity; and**
 - (c) **financial statements that are, or are held out to be, general purpose financial statements.**
- 3 **This Standard applies to annual reporting periods beginning on or after 1 July 2009.**

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- 4 **This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2009.**

Amendments to AASB 1

- 5 Paragraph 34C is amended to read as follows:

34C A first-time adopter shall apply the following requirements of AASB 127 *Consolidated and Separate Financial Statements* (as amended in July 2008) prospectively from the date of transition to Australian equivalents to IFRSs:

- (a) ...
- (c) the requirements in paragraphs 34-37 for accounting for a loss of control over a subsidiary, and the related requirements of paragraph 8A of AASB 5.

...

However, if a first-time adopter elects to apply AASB 3 (as revised in 2008) retrospectively to past business combinations, it shall also apply AASB 127 (as amended in July 2008) in accordance with paragraph B1 of this Standard.

- 6 The heading “Effective Date of IFRS 1” above paragraph 47 is amended to read “Effective Date”.

- 7 Paragraph 47L is added:

47L Paragraph 34C was amended by AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* issued in July 2008. An entity shall apply those amendments for annual reporting periods beginning on or after 1 July 2009. If an entity applies AASB 127 (as amended in 2008) for an earlier period, the amendments shall be applied for that earlier period.

- 8 Entities shall apply these amendments to AASB 1 when they apply the amendments to AASB 5 set out in paragraphs 9-11 below.

Amendments to AASB 5

- 9 Paragraphs 8A and 36A are added:
- 8A An entity that is committed to a sale plan involving loss of control of a subsidiary shall classify all the assets and liabilities of that subsidiary as held for sale when the criteria set out in paragraphs 6-8 are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale.
- 36A An entity that is committed to a sale plan involving loss of control of a subsidiary shall disclose the information required in paragraphs 33-36 when the subsidiary is a disposal group that meets the definition of a discontinued operation in accordance with paragraph 32.
- 10 The heading “Effective Date of IFRS 5” above paragraph 44 is amended to read “Effective Date”.
- 11 Paragraph 44C is added:
- 44C Paragraphs 8A and 36A were added by AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* issued in July 2008. An entity shall apply those amendments for annual reporting periods beginning on or after 1 July 2009. Earlier application is permitted. 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 in 2008). If an entity applies the amendments before 1 July 2009 it shall disclose that fact. An entity shall apply the amendments prospectively from the date at which it first applied AASB 5, subject to the transitional provisions in paragraph 45 of AASB 127 (as amended in 2008).