Explanatory Statement

AASB 2005-11 *Amendments to Australian Accounting Standards*

September 2005

Australian Government

Australian Accounting Standards Board

EXPLANATORY STATEMENT

Adoption of Australian equivalents to IFRSs

The Australian Accounting Standards Board (AASB) is implementing the directive of the Financial Reporting Council (FRC) to adopt the Standards of the International Accounting Standards Board (IASB), for application to reporting periods beginning on or after 1 January 2005.

The IASB defines International Financial Reporting Standards (IFRSs) as comprising:

(a) International Financial Reporting Standards;

(b) International Accounting Standards (IAS); and

(c) Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

The Australian equivalents to IFRSs are:

(a) Accounting Standards issued by the AASB that are equivalent to Standards issued by the IASB, being AASBs 1 – 99 corresponding to the IFRS series and AASBs 101 – 199 corresponding to the IAS series; and

(b) Urgent Issues Group (UIG) Interpretations issued by the AASB corresponding to the Interpretations adopted by the IASB, as listed in AASB 1048 *Interpretation and Application of Standards*.

In implementing the FRC's directive, the AASB is replacing relevant existing AASB Standards with Australian Standards equivalent to those of the IASB. The AASB has decided it will continue to issue sector-neutral Standards, that is, Standards applicable to both for-profit and not-for-profit entities, including public sector entities. Except for Standards that are specific to the not-for-profit or public sectors or that are of a purely domestic nature, the AASB uses the IASB Standards as the "foundation" Standards to which it adds material detailing the scope and applicability of a Standard in the Australian environment. Additions are made, where necessary, to broaden the content to cover sectors not addressed by an IASB Standard and domestic, regulatory or other issues.

On 15 July 2004, the Board made the set of Australian Standards equivalent to IFRSs, together with several associated Australian Standards, effective for annual reporting periods beginning on or after 1 January 2005.

The following Standards were amended for editorial corrections to reflect changes made to their IASB counterpart Standards:

1. AASB 101 *Presentation of Financial Statements*;
2. AASB 112 *Income Taxes*;
3. AASB 132 *Financial Instruments: Presentation*;
4. AASB 133 *Earnings per Share*;
5. AASB 139 *Financial Instruments: Recognition and Measurement*; and
6. AASB 141 *Agriculture*.

Reasons for Issuing AASB 2005-11

AASB 2005-11 is an amending standard which makes editorial corrections to AASB 101, AASB 112, AASB 132, AASB 133, AASB 139 and AASB 141. Most of the editorial corrections correspond to corrections identified by the IASB in *IASB Corrections to Bound Volume 2004* (issued by the IASB on 8 June 2005). The exception is the amendment to AASB 139 which corrects an editorial error made in a consequential amendment to the Standard by amending standard AASB 2005-4.

Main Features of this Standard

This Standard was made by the AASB on 8 September 2005 under section 334 of the *Corporations Act 2001*.

Application Date

This Standard is applicable to annual reporting periods ending on or after 31 December 2005 with early adoption permitted for annual reporting periods that begin on or after 1 January 2005 and end before 31 December 2005.

Main Changes

The changes that were made in this Standard are purely editorial and do not amount to a substantial change to existing Standards.

Consultation prior to Issuing this Standard

No public consultation in respect of this Standard was undertaken, as the errors identified were purely editorial.

A Regulatory Impact Statement has not been prepared in connection with the revision of this Standard as the amendments it makes do not have a direct, or substantial indirect, effect on business or restrict competition, are of a minor or machinery nature and do not substantially alter existing arrangements.