

Accounting Standard

AASB 2007-1

February 2007

Amendments to Australian Accounting Standards arising from AASB Interpretation 11

[AASB 2]



Australian Government

**Australian Accounting
Standards Board**

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ISSN 1036-4803

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Australian Accounting Standard AASB 2007-1 *Amendments to Australian Accounting Standards arising from AASB Interpretation 11* is set out in paragraphs 1 – 5. All the paragraphs have equal authority.

PREFACE

Standard Amended by AASB 2007-1

This Standard amends Australian Accounting Standard AASB 2 *Share-based Payment*.

Main Features of this Standard

Application Date

This Standard is applicable to annual reporting periods beginning on or after 1 March 2007. Early adoption is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 March 2007. Early adoption is required for such a period if AASB Interpretation 11 *AASB 2 – Group and Treasury Share Transactions* is applied to the period.

Main Requirements

The amendments arise from the approval of AASB Interpretation 11, which is the Australian equivalent of International Financial Reporting Interpretations Committee (IFRIC) Interpretation 11.

The transitional provisions in IFRIC Interpretation 11 state that that Interpretation would be applied retrospectively, subject to the transitional provisions of International Financial Reporting Standard IFRS 2 *Share-based Payment*. As AASB 2, the Australian equivalent of IFRS 2, does not include corresponding transitional provisions, this Standard amends AASB 2 to insert those provisions. This allows AASB Interpretation 11 to have the same transitional provisions as IFRIC Interpretation 11.

When the AASB issued AASB 2 in July 2004 in implementing the Financial Reporting Council's policy of adopting the Standards of the International Accounting Standards Board, the transitional provisions of IFRS 2 were not included because AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* set out the transition requirements. No application was foreseen for transitional provisions in AASB 2 itself.

ACCOUNTING STANDARD AASB 2007-1

The Australian Accounting Standards Board makes Accounting Standard AASB 2007-1 *Amendments to Australian Accounting Standards arising from AASB Interpretation 11* under section 334 of the *Corporations Act 2001*.

Dated 15 February 2007

D.G. Boymal
Chair – AASB

ACCOUNTING STANDARD AASB 2007-1

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM AASB INTERPRETATION 11

Objective

1. The objective of this Standard is to amend AASB 2 *Share-based Payment*.

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 reports of each other reporting entity; and
 - (c) financial reports that are, or are held out to be, general purpose financial reports.
3. This Standard applies to annual reporting periods beginning on or after 1 March 2007.
4. This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 March 2007. If an entity applies AASB Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*, identified in AASB 1048 *Interpretation and Application of Standards* as corresponding to

IFRIC 11, to such an annual reporting period, this Standard shall be applied to that period.

Amendments to AASB 2

5. Paragraphs Aus52.1-59 are added to AASB 2, after the heading “Transitional Provisions”, as follows:

Aus52.1 The following transitional paragraphs shall not be applied by entities that have previously applied this Standard, unless required to do so by another Australian equivalent to IFRSs.

53 For equity-settled share-based payment transactions, the entity shall apply this Standard to grants of shares, share options or other equity instruments that were granted after 7 November 2002 and had not yet vested at the application date of this Standard.

54 The entity is encouraged, but not required, to apply this Standard to other grants of equity instruments if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date.

55 For all grants of equity instruments to which this Standard is applied, the entity shall restate comparative information and, where applicable, adjust the opening balance of retained earnings for the earliest period presented.

56 For all grants of equity instruments to which this Standard has not been applied (e.g. equity instruments granted on or before 7 November 2002), the entity shall nevertheless disclose the information required by paragraphs 44 and 45.

57 If, after the Standard becomes applicable, an entity modifies the terms or conditions of a grant of equity instruments to which this Standard has not been applied, the entity shall nevertheless apply paragraphs 26-29 to account for any such modifications.

58 For liabilities arising from share-based payment transactions existing at the application date of this Standard, the entity shall apply the Standard retrospectively. For these liabilities, the entity shall restate comparative information, including adjusting the opening balance of retained earnings in the earliest period presented for which comparative information has been restated, except that the entity is not required to restate comparative

information to the extent that the information relates to a period or date that is earlier than 7 November 2002.

59 The entity is encouraged, but not required, to apply retrospectively the Standard to other liabilities arising from share-based payment transactions, for example, to liabilities that were settled during a period for which comparative information is presented.