

Explanatory Statement

Accounting Standard AASB 2010-4
Further Amendments to Australian
Accounting Standards arising from the
Annual Improvements Project

June 2010



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Reasons for Issuing AASB 2010-4

AASB 2010-4 makes amendments to the following Australian Accounting Standards:

1. AASB 1 *First-time Adoption of Australian Accounting Standards*
2. AASB 7 *Financial Instruments: Disclosures*
3. AASB 101 *Presentation of Financial Statements*
4. AASB 134 *Interim Financial Reporting*
5. Interpretation 13 *Customer Loyalty Programmes*.

These amendments are a consequence of the annual improvements project.

These amendments result from proposals that were included in Exposure Draft ED 188 *Improvements to IFRSs* published in September 2009 and in ED 185 *Rate-regulated Activities* published in July 2009, and follow the issuance of the IASB Standard *Improvements to IFRSs* in May 2010. The amendment resulting from ED 185 only provides an exemption in AASB 1 for first-time adopters with operations subject to rate regulation.

Main Features of AASB 2010-4

Application Date

This Standard is applicable to annual reporting periods beginning on or after 1 January 2011, with early adoption permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2011.

Main Requirements

The subjects of the principal amendments to the Standards and Interpretations are set out below:

Australian Accounting Standard or Interpretation	Subject of amendment
AASB 1 <i>First-time Adoption of Australian Accounting Standards</i>	Accounting policy changes in the year of adoption

	Revaluation basis as deemed cost
	Use of deemed cost for operations subject to rate regulation
AASB 7 <i>Financial Instruments: Disclosures</i>	Clarification of disclosures
AASB 101 <i>Presentation of Financial Statements</i>	Clarification of statement of changes in equity
AASB 134 <i>Interim Financial Reporting</i>	Significant events and transactions
Interpretation 13 <i>Customer Loyalty Programmes</i>	Fair value of award credits

Consultation Prior to Issuing AASB 2010-4

The AASB issued:

- (a) Exposure Draft ED 188 *Improvements to IFRSs*, the Australian equivalent to the IASB Exposure Draft ED/2009/11 *Improvements to IFRSs*, in September 2009; and
- (b) Exposure Draft ED 185 *Rate-regulated Activities*, the Australian equivalent to the IASB Exposure Draft ED/2009/8 *Rate-regulated Activities*, in July 2009.

One submission was received in respect of the proposals in ED 188 and there was support for adopting the proposed IASB revision in Australian Accounting Standards. Five submissions were received in respect of the proposals in ED 185 and constituents expressed some concerns in adopting the proposals in Australia. However, the amendment resulting from ED 185 only provides an exemption in AASB 1 for first-time adopters with operations subject to rate regulation. The proposals in ED 185 which constituents were concerned have not been progressed.

A Regulatory Impact Statement has not been prepared in connection with the issue of this Standard 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.