Explanatory Statement

Accounting Standard AASB 2012-5
*Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*

**June 2012**


# EXPLANATORY STATEMENT

## Introduction

This Standard makes amendments to the following Australian Accounting Standards and Interpretation:

1. AASB 1 *First-time Adoption of Australian Accounting Standards*;
2. AASB 101 *Presentation of Financial Statements*;
3. AASB 116 *Property, Plant and Equipment*;
4. AASB 132 *Financial Instruments: Presentation*;
5. AASB 134 *Interim Financial Reporting*; and
6. Interpretation 2 *Members’ Shares in Co-operative Entities and Similar Instruments*.

These amendments are a consequence of the annual improvements process, which provides a vehicle for making non-urgent but necessary amendments to Standards.

These amendments result from proposals that were included in Exposure Draft ED 213 *Improvements to IFRSs* published in July 2011 and follow the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* issued by the International Accounting Standards Board in May 2012.

## Main Features of this Standard

### Application Date

This Standard is applicable to annual reporting periods beginning on or after 1 January 2013. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013.

The insertion of early application conditions in the individual Standards and Interpretation means that the amendments (or sets of amendments) to each of those Standards and Interpretation can be applied separately.

### Main Requirements

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

| **Australian Accounting Standard or Interpretation** | **Subject of amendment** |
| --- | --- |
| AASB 1 *First-time Adoption of Australian Accounting Standards* | Repeated application of AASB 1 |
| Borrowing costs |
| AASB 101 *Presentation of Financial Statements* | Clarification of the requirements for comparative information |
| AASB 116 *Property, Plant and Equipment* | Classification of servicing equipment |
| AASB 132 *Financial Instruments: Presentation*; and Interpretation 2 *Members’ Shares in Co-operative Entities and Similar Instruments* | Tax effect of distribution to holders of equity instruments |
| AASB 134 *Interim Financial Reporting* | Interim financial reporting and segment information for total assets and liabilities |

## Consultation Prior to Issuing this Standard

The AASB issued Exposure Draft ED 213 *Improvements to IFRSs*, which incorporated the IASB Exposure Draft ED/2009/2 *Improvements to IFRSs 2011*,in July 2011.

Three submissions were received by the AASB in respect of the proposals in ED 213 and there was general support for adopting the proposed IASB revisions in Australian Accounting Standards.

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.

## Statement of Compatibility with Human Rights

This Standard is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

This Standard is issued by the AASB in furtherance of the objective of facilitating the Australian economy. It does not diminish or limit any of the applicable human rights or freedoms, and thus does not raise any human rights issues.