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Model Financial Statements

The pieces are coming together

Financial years ending on or after 30 June 2013

April 2013

Model annual reports

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What's new in financial reporting?

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What's new in financial reporting?

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What are the big picture issues for June 2013?

Key considerations

2013 is a crucial year from the point of view of new accounting changes that will see application of new standards in some major areas like consolidation, joint arrangements, fair value measurements, and employee benefits, including extensive disclosure requirements. Some of the new standards/interpretations with a mandatory effective date of 1 January 2013 are:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurements*
- AASB 119 (2011) *Employee Benefits*
- AASB 127 (2011) *Separate Financial Statements*
- AASB 128 (2011) *Investments in Associates and Joint Ventures*
- INT 20 *Stripping Costs in the Production Phase of a Surface Mine*

For most Australian companies with June year-ends, it would mean that the first time application will be for year ending 30 June 2014 with comparatives required for 30 June 2013. For companies with December year-ends, the new changes have to be accounted for in their interim June 2013 reporting. It is imperative that entities understand, assess and ensure that relevant policies and functionalities are in place to implement and comply with the changes.

New and amended reporting requirements that must be applied for the first time for the June 2013 year-end include:

- Amendment to AASB 112 *Income taxes*, that may affect measurement of deferred taxes in relation to Investment properties (Fair value model), as the amendments establish a rebuttable presumption that the carrying amount of an investment property will be recovered entirely through sale
- Amendments regarding the presentation of items of other comprehensive income (OCI) with the requirement to split items of OCI (and tax thereon) between those that will or will not be recycled to profit or loss
- Minor amendments to AASB 1049 *Whole of government and general government sector financial reporting*

Some of the Australian-specific and other related factors that need to be considered in the current reporting season:

- **AASB differential reporting regime** – voluntary early adoption of the AASB's revised differential reporting framework, particularly the 'Reduced Disclosure Requirements' (RDR) permits for-profit reporting entities without 'public accountability', not-for-profit entities that are reporting entities and some public sector entities to present substantially less disclosure than in the past.
- **Carbon** – on 8 November 2011 the Senate passed the 'Clean Energy Legislative Package' which sets out the way that Australia will introduce a carbon price to reduce Australia's carbon pollution and move to a clean energy future
  The carbon pricing mechanism will have a two phased approach: a fixed price mechanism, followed by an emission trading scheme (ETS). Under the carbon pricing scheme, as of 1 July 2012, every tonne of carbon dioxide equivalent (CO2-e) produced by approximately 500 of Australia's largest emitters will be priced at $23/ton. For the first three years, the carbon price will be fixed, rising annually by 2.5%. On 1 July 2015, the pricing mechanism will transition to the floating ETS.
  The introduction of a carbon price mechanism in Australia results in a number of financial reporting considerations for the current period – including impairment, determination of fair values, disclosure of uncertainties, hedging programs, and wider market communication, as well as accounting for the carbon pricing scheme. There are currently no authoritative pronouncements on issue in Australia that directly address the accounting issues arising from the carbon pricing scheme. For further information, please refer to 'The Carbon Price Accounting for Carbon' available from
  http://www.deloitte.com/view/en_AU/au/services/assurance/carbonreporting/index.htm
- **New IASB pronouncements** – the IASB has issued a number of standards that form the basis of the 'next wave' of pronouncements, which will mandatorily apply from 1 January 2013 through to 1 January 2016 or 2017 (depending upon the dates finally determined). New standards have been issued on fair value measurement, financial instruments, consolidation, joint arrangements and disclosures and employee benefits. Further pronouncements are expected on financial instruments, lease accounting, revenue recognition and insurance contracts. There may be some changes for which early adoption would be attractive. In addition, to the extent pronouncements have been issued prior to finalising the financial report, entities claiming full compliance with IFRSs in their financial statements will need to include the relevant AASB 101 disclosures

about accounting standards on issue but not applied in their financial reports. Analysts and other stakeholders may also request more in-depth information about the impacts of the changes.

- **Non-IFRS financial information** – ASIC has released regulatory guidance on the use of 'non-IFRS financial information' in various documents. Entities providing additional financial information should carefully read the guidance and consider compliance and whether additional disclosure under the guide is necessary.
- **Financial reporting implications of Tax Ruling on frankable dividends** – The Australian Taxation Office (ATO) has issued a Tax Ruling (TR 2012/05) on frankable dividends which proposes methods by which a company with accumulated losses can pay a final or an interim dividend out of current period profits that is frankable. Since the dividend payment rules in the *Corporations Act 2001* was changed from that of a 'profit test' to a 'three tiered test' in June 2010, there has been considerable controversy on what could be viewed as a 'dividend' under the Income Tax Act and whether it would be frankable. This Tax Ruling comments on the ATO's interpretation of the *Corporations Act 2001* with respect to dividend payments and the ability to frank these dividends.
  As per the Ruling, a dividend can be franked only when it is paid out of 'profits' and it suggests methods by which a company with accumulated losses can isolate profits made in one year for payment of frankable dividends in that year or in future years.
- **Australia-New Zealand convergence** – on 13 May 2011, the AASB and New Zealand Financial Reporting Standards Board (FRSB) issued a number of Standards implementing the first phase of a project which seeks to converge accounting standards between Australia and New Zealand. The recent amendments deleted a number of Australian-specific disclosures and guidance, and moved the retained disclosures (not also required by IFRSs) to a separate Standard – AASB 1054 'Australian additional disclosures'. Additional amendments implement 'Reduced Disclosure Requirements' for the revised disclosures. AASB 1054 would be mandatorily applicable to the 30 June 2012 financial year ends for the first time, and would provide some relief in 'Aus' specific disclosures.

Of course, the devil is often in the detail and there are numerous other financial reporting changes that need to be considered, with more changes likely to arise between the date of this publication and the end of the reporting period.

Important note

At the date of this publication, a number of key proposals of both the International Accounting Standards Board (IASB) and Australian Accounting Standards Board (AASB) are subject to finalisation and approval. As these proposals are finalised, early adoption may be attractive to some entities. Stay up-to-date with developments in this important area at http://www.deloitte.com/au/Accounting.

We also maintain an up-to-date summary of all new financial reporting requirements in our 'What's new' summary, available at http://www.deloitte.com/au/WhatsNew.

Detailed summary of new and revised financial reporting pronouncements

The information in this section was prepared as of **01 March 2013. This** information is updated throughout the reporting season in our 'What's new in financial reporting' summary, available at **http://www.deloitte.com/au/WhatsNew**.

The tables below outline the new and revised accounting pronouncements that either are to be applied for the first time at 30 June 2013, or which may be early adopted at that date.

As occurs so often with changes to accounting standards and financial reporting requirements, some of the new or revised pronouncements listed in the tables below may have a substantial impact on particular entities. Therefore, it is important the pronouncements listed are carefully reviewed for any potential impacts or opportunities.

Where early adoption is being contemplated, it is also important to address any necessary procedural requirements, e.g. for entities reporting under the *Corporations Act 2001*, appropriate directors' resolutions for early adoption must be made under s.334(5).

In addition, the disclosure requirements required in relation to new and revised accounting pronouncements need to be carefully considered even where they have not yet been adopted.

New and revised Standards forming the 'next wave'

The IASB is currently working on a number of important projects which may have significant potential impacts on accounting requirements going forward. In this section, we highlight those pronouncements which have been issued to date and form part of this so-called 'next wave' of IFRS. Some of these projects have application dates as early as 1 January 2013. Others (such as leases, revenue, and insurance contracts) may not be applicable for a number of years. The IASB and FASB are consulting on the effective dates and transition requirements for the majority of these projects (particularly those not yet finalised as a standard), and so application dates *may* be varied, or early adoption may be 'linked' to other standards.

New or revised requirement	When effective	Applicability to 30 June 2013 full years
AASB 9 'Financial Instruments (December 2009)', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures' AASB 9 introduces new requirements for classifying and measuring financial assets, as follows: ● Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances) ● Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss ● All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss ● The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines	Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015	Optional (see note regarding early adoption)

New or revised requirement	When effective	Applicability to 30 June 2013 full years
Note: In October 2010, the IASB reissued IFRS 9 'Financial Instruments', including revised requirements for financial liabilities and carrying over the existing derecognition requirements from IAS 39 'Financial Instruments: Recognition and Measurement'. On 15 December 2010, the AASB publicly released AASB 9 'Financial Instruments' (December 2010) and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', which supersedes AASB 9 (December 2009). However, for annual reporting periods beginning before 1 January 2013, an entity may early adopt AASB 9 (December 2009) instead of AASB 9 (December 2010). *AASB 2012-6 amended AASB 9 to defer the mandatory effective date to annual periods beginning on or after 1 January 2015.*		
AASB 9 'Financial Instruments (December 2010)', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures' A revised version of AASB 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over of the existing derecognition requirements from AASB 139 'Financial Instruments: Recognition and Measurement'. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. *This Standard supersedes AASB 9 (December 2009). However, for annual reporting periods beginning before 1 January 2013, an entity may early adopt AASB 9 (December 2009) instead of applying this Standard.* *AASB 2012-6 amended AASB 9 to defer the mandatory effective date to annual periods beginning on or after 1 January 2015.*	Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015	Optional (see note regarding early adoption)
AASB 10 'Consolidated Financial Statements', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 'Consolidated and Separate Financial Statements' and Interpretation 112 'Consolidation - Special Purpose Entities'. The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities').	Applicable to annual reporting periods beginning on or after 1 January 2013	Optional (see note regarding early adoption)

New or revised requirement	When effective	Applicability to 30 June 2013 full years
Under AASB 10, control is based on whether an investor has: • Power over the investee • Exposure, or rights, to variable returns from its involvement with the investee, and • The ability to use its power over the investee to affect the amount of the returns. *Note: Early application is permitted by 'for-profit' entities, but not by 'not-for-profit' entities.* *Entities early adopting this standard must also adopt the other standards included in the 'suite of six' standards on consolidation, joint arrangements and disclosures: AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 'Separate Financial Statements' (2011), AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'.*		
AASB 11 'Joint Arrangements', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' Replaces AASB 131 'Interests in Joint Ventures'. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures: • A **joint operation** is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly). • A **joint venture** is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with AASB 128 'Investments in Associates and Joint Ventures (2011)'. Unlike AASB 131, the use of 'proportionate consolidation' to account for joint ventures is not permitted. *Note: Early application is permitted by 'for-profit' entities, but not by 'not-for-profit' entities. Entities early adopting this standard must also adopt the other standards included in the 'suite of six' standards described in the commentary regarding AASB 10 'Consolidated Financial Statements' above.*	Applicable to annual reporting periods beginning on or after 1 January 2013	Optional (see note regarding early adoption)

New or revised requirement	When effective	Applicability to 30 June 2013 full years
AASB 12 'Disclosure of Interests in Other Entities', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. In high-level terms, the required disclosures are grouped into the following broad categories: • **Significant judgements and assumptions** - such as how control, joint control, significant influence has been determined • **Interests in subsidiaries** - including details of the structure of the group, risks associated with structured entities, changes in control, and so on • **Interests in joint arrangements and associates** - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information) • **Interests in unconsolidated structured entities** - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities. AASB 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required. *Note: Entities are encouraged to voluntarily provide the information required by AASB 12 prior to its adoption. Providing some of the disclosures required by AASB 12 does* ***not*** *compel an entity to comply with all of the requirements of the AASB or to also apply the other standards included in the 'suite of six' standards described in the commentary regarding AASB 10 'Consolidated Financial Statements' above.*	Applicable to annual reporting periods beginning on or after 1 January 2013	Optional (see note regarding early adoption)
AASB 127 'Separate Financial Statements (2011)', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' Amended version of AASB 127 which now only deals with the requirements for separate financial statements, which have been carried over largely unamended from AASB 127 'Consolidated and Separate Financial Statements'. Requirements for consolidated financial statements are now contained in AASB 10 'Consolidated Financial Statements'. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and joint ventures are accounted for either at cost, or in accordance with AASB 9 'Financial Instruments'. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.	Applicable to annual reporting periods beginning on or after 1 January 2013	Optional (see note regarding early adoption)

New or revised requirement	When effective	Applicability to 30 June 2013 full years
Note: Early application is permitted by 'for-profit' entities, but not by 'not-for-profit' entities. *Entities early adopting this standard must also adopt the other standards included in the 'suite of six' standards described in the commentary regarding AASB 10 'Consolidated Financial Statements' above.*		
AASB 128 'Investments in Associates and Joint Ventures (2011)', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' This Standard supersedes AASB 128 'Investments in Associates' and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. *Note: Early application is permitted by 'for-profit' entities, but not by 'not-for-profit' entities.* *Entities early adopting this standard must also adopt the other standards included in the 'suite of six' standards described in the commentary regarding AASB 10 'Consolidated Financial Statements' above.*	Applicable to annual reporting periods beginning on or after 1 January 2013	Optional (see note regarding early adoption)
AASB 13 'Fair Value Measurement' and related 'AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13' Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The AASB defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value. AASB 13 applies when another AASB requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs: • **Level 1** - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date • **Level 2** - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly • **Level 3** - unobservable inputs for the asset or liability. Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.	Applicable to annual reporting periods beginning on or after 1 January 2013	Optional

New or revised requirement	When effective	Applicability to 30 June 2013 full years
AASB 119 'Employee Benefits (2011)', 'AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)' An amended version of AASB 119 'Employee Benefits' with revised requirements for pensions and other post-employment benefits, termination benefits and other changes. The key amendments include: • Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing AASB 119) • Introducing enhanced disclosures about defined benefit plans • Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits • Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features • Incorporating other matters submitted to the IFRS Interpretations Committee.	Applicable to annual reporting periods beginning on or after 1 January 2013	Optional

New or revised domestic Standards

New or revised requirement	When effective	Applicability to 30 June 2013 full years
AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' These Standards together implement 'stage 1' of the AASB's revised differential reporting regime. AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements: • Tier 1: Australian Accounting Standards • Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements ('RDR'). AASB 2010-2 makes amendments to each Standard and Interpretation indicating the disclosures not required to be made by 'Tier 2' entities. In some cases, additional 'RDR' paragraphs are inserted requiring simplified disclosures.	Applies to annual reporting periods beginning on or after 1 July 2013 but may be early adopted for annual reporting period beginning on or after 1 July 2009	Optional (for eligible entities)

New or revised requirement	When effective	Applicability to 30 June 2013 full years
The following entities apply either Tier 2 (RDR) or Tier 1 ('full' Australian Accounting Standards) in preparing general purpose financial statements: • For-profit private sector entities that do not have public accountability • All not-for-profit private sector entities • Public sector entities other than Federal, State, Territory and Local Governments. Regulators may have the power to require the application of 'full' Australian Accounting Standards (Tier 1) by the entities they regulate. *Note: The AASB is yet to consider RDR simplifications to certain standards, including AASB 4, AASB 1023, AASB 1038 and AAS 25. These will be subject of an additional consultative document. In addition, the AASB continues to issue 'Tier 2' exposure drafts in relation to recent IASB proposals, seeking input into how the proposed disclosures should be implemented in the RDR environment. 'Stage 2' of the AASB's differential reporting project will consider whether to extend the revised differential reporting framework to all financial statements prepared under Australian Accounting Standards, including entities currently considered 'non-reporting entities'.*		

New Amending Standards

The table below lists the Amending Standards that do not relate to the pronouncements listed in other tables.

New or revised requirement	When effective	Applicability to 30 June 2013 full years
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets' Amends AASB 112 Income Taxes to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in AASB 140 'Investment Property' will, normally, be through sale. As a result of the amendments, Interpretation 112 'Income Taxes - Recovery of Revalued Non-Depreciable Assets' would no longer apply to investment properties carried at fair value. The amendments also incorporate into AASB 112 the remaining guidance previously contained in Interpretation 112, which is accordingly withdrawn.	Applicable to annual periods beginning on or after 1 January 2012	Mandatory
AASB 2010-10 'Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters' Amends AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' to replace references to a fixed date of '1 January 2004' with 'the date of transition to Australian Accounting Standards', thereby providing relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Applicable to annual reporting periods beginning on or after 1 January 2013	Optional (for first-time adopters)

New or revised requirement	When effective	Applicability to 30 June 2013 full years
Early application of the amendments in this Standard is permitted in accordance with the early application provisions of AASB 2009-11 or AASB 2010-7, as relevant.		
AASB 2011-2 'Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements' Establishes reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project. The application date of this standard aligns with AASB 1053 Application of Tiers of Australian Accounting Standards (but may be early adopted, see below). *Note: Early adoption of AASB 2011-2 is permitted for annual reporting periods beginning on or after 1 July 2009 but before 1 July 2013, provided that AASB 1053 'Application of Tiers of Australian Accounting Standards', AASB 1054 and AASB 2011-1 are also adopted for the same period.*	Applicable to annual reporting periods beginning on or after 1 July 2013	Optional (for eligible entities)
AASB 2011-3 'Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments' This Standard makes amendments to AASB 1049 'Whole of Government and General Government Sector Financial Reporting' to amend the definition of the ABS GFS Manual, provide relief from adopting the latest version of the ABS GFS Manual, and require related disclosures where the latest version of the ABS GFS Manual has not been applied.	Applicable to annual reporting periods beginning on or after 1 July 2012	Mandatory
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' Amends AASB 124 'Related Party Disclosures' to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001.	Applicable to annual reporting periods beginning on or after 1 July 2013	n/a (early adoption is not allowed)

New or revised requirement	When effective	Applicability to 30 June 2013 full years
AASB 2011-6 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements' Extends relief from consolidation, the equity method and proportionate consolidation to Tier 2 entities in particular circumstances, by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. *Note: Early adoption permitted provided that AASB 1053 'Application of Tiers of Australian Accounting Standards' is also adopted early for the same period.*	Applicable to annual reporting periods beginning on or after 1 July 2013	Optional (see note regarding early adoption)
AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' These amendments arise from the issuance of the IASB Standard 'Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)' in June 2011. The amendments: • Requires entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) • Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).	Applicable to annual reporting periods beginning on or after 1 July 2012	Mandatory
AASB 2011-11 'Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements' Sets out reduced disclosure requirements for Tier 2 entities to apply in relation to AASB 119 'Employee Benefits (September 2011)' *Note: Early application permitted provided AASB 1053 'Application of Tiers of Australian Accounting Standards' is also adopted.*	Applicable to annual reporting periods beginning on or after 1 July 2013	Optional (for eligible entities)
AASB 2011-13 'Amendments to Australian Accounting Standard – Improvements to AASB 1049' Amends some of the requirements in AASB 1049 'Whole of Government and General Government Sector Financial Reporting' to improve that standard at an operational level.	Applicable to annual reporting periods beginning on or after 1 July 2012	Mandatory
AASB 2012-1 'Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements' Sets out reduced disclosure requirements for Tier 2 entities to apply in relation to AASB 13 'Fair Value Measurement' and amends reduced disclosure requirements of other Australian Accounting Standards that were amended as a consequence of the issuance of AASB 13.	Applicable to annual reporting periods beginning on or after 1 July 2013	Optional (for eligible entities)

New or revised requirement	When effective	Applicability to 30 June 2013 full years
Note: Early application permitted provided AASB 1053 'Application of Tiers of Australian Accounting Standards'; AASB 13 'Fair Value Measurement'; and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13' are also adopted.		
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)' Amends AASB 7 'Financial Instruments: Disclosures' to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.	Applicable to annual periods beginning on or after 1 January 2013	Optional
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)' Address inconsistencies in current practice when applying the offsetting criteria in AASB 132 'Financial Instruments: Presentation'. Clarifies the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. *Note: Entities early adopting this standard must also adopt 'Amendments to Australian Accounting Standards – Disclosures-Offsetting Financial Assets and Financial Liabilities' (Amendments to AASB 7).*	Applicable to annual periods beginning on or after 1 January 2014	Optional
AASB 2012-4 'Amendments to Australian Accounting Standards – Government Loans' (Amendments to AASB 1 'First-time Adoption of International Financial Reporting Standards') Gives first-time adopters of AASBs relief from full retrospective application of AASBs when accounting for government loans received at a below market rate of interest on transition. First-time adopters shall apply the requirements in AASB 9 'Financial Instruments' and AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance' prospectively to government loans existing at the date of transition to IFRSs. This means that first-time adopters may not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant, unless the information needed to do so had been obtained at the time of initial accounting for the loan. It gives first-time adopters the same relief as existing preparers of IFRS financial statements.	Applicable to annual periods beginning on or after 1 January 2013	Optional

New or revised requirement	When effective	Applicability to 30 June 2013 full years
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle' Amends a number of pronouncements as a result of the 2009–2011 annual improvements cycle. Key amendments include: • AASB 1- repeated application of AASB 1 • AASB 101- clarification of the requirements for comparative information • AASB 116- classification of servicing equipment • AASB 132- tax effect of the distribution to holder of equity instruments • AASB 134- interim reports and segment information for total assets and liabilities	Applicable to annual periods beginning on or after 1 January 2013	Optional
AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures' Amends the mandatory effective date of AASB 9 'Financial Instruments' so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013. Modifies the relief from restating prior periods by amending AASB 7 'Financial Instruments: Disclosures' to require additional disclosures on transition from AASB 139 'Financial Instruments: Recognition and Measurement' to AASB 9 in some circumstances.	Applicable to annual periods beginning on or after 1 January 2013	Optional
AASB 2012-8 'Amendments to AASB 1049 – Extension of Transitional Relief for the Adoption of Amendments to the ABS GFS Manual relating to Defence Weapons Platforms' Amends AASB 1049 'Whole of Government and General Government Sector Financial Reporting' to provide a further two year period of transitional relief from the requirement to adopt Chapter 2 Amendments to Defence Weapons Platforms of the Australian Bureau of Statistics (ABS) publication 'Amendments to Australian System of Government Finance Statistics, 2005' in financial statements prepared in accordance with AASB 1049	Applicable to annual reporting periods beginning on or after 1 July 2012	Mandatory
AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039' Removes Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia' from the list of 'other Australian interpretations' contained in AASB 1048 Interpretation of standards (Table 2), thereby removing its legal status as a mandatory reporting requirement. As a consequence of its decision to withdraw Australian Interpretation 1039, the AASB also issued an Agenda Decision addressing the issue of when it would be appropriate to conclude that substantive enactment of major tax Bills has occurred in Australia.	Applicable to annual reporting periods beginning on or after 1 January 2013	Optional

New or revised requirement	When effective	Applicability to 30 June 2013 full years
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments' The transition guidance amendments to AASB 10 'Consolidated Financial Statements' and related Standards and interpretations clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments	Applicable to annual reporting periods beginning on or after 1 January 2013	Optional
AASB 2012-11 'Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments' Amends AASB 10 'Consolidated Financial Statements' and AASB 128 'Investments in Associates and Joint Ventures' to extend relief from consolidation and the equity method for entities complying with Australian Accounting Standards – Reduced Disclosure Requirements	Applicable to annual reporting periods beginning on or after 1 July 2013	Optional (for eligible entities)

New and revised Interpretations

New or revised requirement	When effective	Applicability to 30 June 2013 full years
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' (and related 'AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20') Clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement.	Applies to annual periods beginning on or after 1 January 2013	Optional

Pronouncements approved by the IASB/IFRIC where an equivalent pronouncement has not been issued by the AASB

New or revised requirement	When effective	Applicability to 30 June 2013 full years
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) Provides an exemption from consolidation of subsidiaries under IFRS 10 *'Consolidated Financial Statements'* for entities which meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in particular subsidiaries at fair value through profit or loss in accordance with IFRS 9 *'Financial Instruments*' or IAS 39 *'Financial Instruments: Recognition and Measurement'*. **(Note: Applicable, on a modified retrospective basis, to annual periods beginning on or after 1 January 2014, a year later than IFRS 10 which is applicable to annual periods beginning on or after 1 January 2013. The amendments can be applied early, and accordingly entities can elect to apply them from when they first apply IFRS 10, avoiding the need for investment entities to consolidate subsidiaries only in the first year of applying IFRS 10)* *^ Please note that the Australian Accounting Standards Board (AASB) has tentatively decided to delay adoption in Australia of these recently issued investment entities amendments and have issued an exposure draft 'Australian Additional Disclosures – Investment Entities' (ED 233) that is open to comment till 29th March 2013*	Applicable to annual periods beginning on or after 1 January 2014	Optional (once equivalent amendments are made by the AASB)^
Conceptual Framework for Financial Reporting First phase of the IASB and FASB joint project to develop an improved revised conceptual framework for International Financial Reporting Standards (IFRSs) and US generally accepted accounting practices (US GAAP). The first phase deals with the objective and qualitative characteristics of financial reporting, incorporating the following chapters: • Chapter 1 *The objective of financial reporting* • Chapter 3 *Qualitative characteristics of useful financial information* • Chapter 4 *The 1989 Framework: the remaining text*. *Note: The Conceptual Framework project is being conducted in phases. As a chapter is finalised, the relevant paragraphs in the 'Framework for the Preparation and Presentation of Financial Statements' that was published in 1989 will be replaced. Chapter 2 will deal with the reporting entity concept.*	The *Conceptual Framework* is not an IFRS and hence does not define standards for any particular measurement or disclosure issue. Nothing in the *Conceptual Framework* overrides any specific IFRS	Applicable once equivalent Framework adopted by the AASB

Corporations Act 2001 developments

Development	When effective
ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information' [RG 230] Provides guidance on disclosure of non-IFRS (International Financial Reporting Standards) financial information. Non-IFRS financial information can provide useful information to investors and other users. However, it may increase the risk of misleading disclosure. This guidance would assist directors and preparers of financial information in reducing this risk, and the guidance includes: • giving equal or greater prominence to IFRS financial information; • explaining the non-IFRS information and reconciling it to the IFRS financial information; • calculating the information consistently from period to period; and • not using information to remove 'bad news'.	Issued 9 December 2011

Other developments

The following are other developments that may have direct or indirect impacts on financial reporting:

- At the date this document was last updated, the Australian Securities & Investments Commission (ASIC) had not yet released its focus areas for the June 2013 reporting season. If past practice is followed, it is likely ASIC will announce its focus areas in July. In November 2012 ASIC released its review of June 2012 financial reports and focuses for 31 December 2012. These areas will continue to be instructive for the June 2013 reporting season. Some of the key areas noted in the December guidance include:
  - reporting performance and economic conditions – revenue recognition, expense deferral, asset impairment, fair value of assets, off balance sheet arrangements, going concern
  - useful and meaningful information for investors – current vs non-current classifications, Non-IFRS financial information disclosures, financial instruments disclosures, disclosures for estimates and accounting policy judgements, impacts of new accounting standards
- ASIC has released remuneration report review findings after examining the narrative content of the remuneration report and its compliance with section 300A of 50 companies in the ASX300 for the year ended 30 June 2011. ASIC conducted this review to measure and identify areas where companies could improve their disclosure to shareholders. Some of the key areas of improvement identified include:
  - the board’s policy on the nature and amount of remuneration of the key management personnel (KMP)
  - the non-financial performance conditions in short-term incentive plans
  - why performance conditions have been chosen
  - the terms and conditions of incentive plans
- ASIC has called for companies to provide more clarity on the remuneration arrangements for their directors and executives and to assist them in the preparation of future remuneration reports, the ASIC report includes some of the better examples of disclosures observed during the review in the key areas mentioned above
- ASIC has issued Consultation Paper 187 ‘Effective Disclosure in an Operating and Financial Review’ (OFR) in order to obtain feedback from stakeholders on its proposed draft new regulatory guide for directors on providing useful and meaningful information to investors when preparing an OFR in a directors’ report of a listed entity. The proposed guidance is principle based and outlines considerations that will assist directors to practically apply the OFR requirements under s.299A of the Corporations Act 2001 and may result in additional detail in OFRs. It provides commentary on the current use, perhaps over-use, of the unreasonable prejudice exemption, and is accompanied by more prescriptive guidance on its application.
- Proposed amendments to the dividends test - the Parliamentary Secretary to the Treasurer has released an exposure draft legislation and explanatory material to amend the test for the payment of dividends under section 254T of the Corporations Act 2001.The exposure draft proposes that the current dividends test be repealed and replaced with a dividends test that allows companies to:
  - apply the dividends test immediately before declaration of the dividend or immediately before payment of the dividend, as appropriate, consistent with the Corporations Act 2001 dividend provisions and company practice
  - calculate assets and liabilities, for the purpose of the dividends test, in accordance with the accounting records of the company (that are required to be kept under section 286 of the Corporations Act 2001) in circumstances where the company is not required to prepare a financial report.

  For companies that are required to prepare a financial report, assets and liabilities must be calculated in accordance with Accounting Standards (consistent with the current dividends test). If enacted, the amendments would commence on the day the Act receives Royal Assent.
- Proposed amendments to remuneration report disclosures - the Parliamentary Secretary to the Treasurer has released an exposure draft legislation and explanatory material to amend remuneration report disclosures under section 300A of the Corporations Act 2001. The exposure draft proposes the following key changes to remuneration report disclosures:
  - limiting the requirement to prepare a remuneration report to only listed disclosing entities that are companies
  - requiring a general description of the company’s remuneration governance framework
  - requiring disclosure of all payments made to key management personal (KMP) in relation to their retirement from the company
  - requiring disclosure of the remuneration of each KMP in three separate categories; granted before the year and paid during the year; granted and paid during the year; and granted during the year but not yet paid
  - requiring disclosure of, for each KMP, the details of any reduction, repayment or other alteration of the person’s remuneration, that has been made or will be made, as a result of a material misstatement or omission in the financial statements; or if no alteration is made, an explanation of why.

  If enacted, the amendments would apply to directors’ reports for financial years commencing on or after 1 July 2013.

Online resources

Deloitte Australia website

The landscape of regulatory and accounting requirements is ever evolving as a result of new developments. New challenges – and opportunities – arise on an almost daily basis: International Financial Reporting Standards, Corporations law changes, carbon, best practice Corporate Governance, and the list goes on. Responding to these challenges and making the most of the opportunities they present is a critical objective of boards, audit committees and senior management alike.

Access to information about these important developments and understanding their practical and commercial implications is a crucial part of your organisation's response. In this regard, our Assurance and Advisory website assists you with hot topics, easy navigation, expert accounting technical information (including archives) and more detailed information about our services. The site and content is designed to assist you quickly find the information suited to your needs.

Our site is available at www.deloitte.com/au/AssuranceAdvisory.

In keeping with the theme of easy access to critical information, you can also use our Quick links to get to the information on topics of key importance to you, such as:

- Monthly Roundups of financial reporting developments – www.deloitte.com/au/MonthlyRoundup
- Advisory Services – www.deloitte.com/au/AdvisoryServices
- Carbon Reporting – www.deloitte.com/au/CarbonReporting
- Accounting-related information – www.deloitte.com/au/Accounting

Our most popular quick links can be found here – www.deloitte.com/au/QuickLinks and you can easily bookmark your favourites from this page.

IAS Plus website

Our IAS Plus website provides the most comprehensive information on the Internet about international financial reporting. It is aimed at accounting professionals, businesses, financial analysts, standard-setters and regulators, and accounting educators and students. The site, which is totally free of charge, has a broad array of resources about the International Accounting Standards Board, International Financial Reporting Standards, and international accounting and auditing in general.

Access the site at www.iasplus.com

Other websites

- AASB – www.aasb.gov.au
- ASIC – www.asic.gov.au
- ASX – www.asx.com.au
- IASB – www.ifrs.org
- FASB – www.fasb.org (in addition to US-GAAP information, contains information on joint IASB/FASB projects)