The winds of change

Model Financial Statements

Financial years ending on
or after 30 June 2010

Released May 2010

Model annual reports

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Big picture considerations

The June 2010 reporting season sees a very different economic environment to that facing entities 12 months ago. The threat of a deep Australian recession appears to have abated, growth has returned and the first signs of a global recovery have emerged. However, the threat of further shocks cannot be discounted and a number of conflicting indicators reveal the uncertainty lying ahead.

From a financial reporting perspective, IFRS is a volatile beast - effectively designed to reflect the underlying volatility in prices, values and other variables in financial statements. Accordingly, this current reporting period presents yet another ‘unique challenge’ in bringing all these competing factors together to produce a set of financial statements reflecting economic realities, market expectations and operating conditions.

One of the key financial reporting areas this volatility will impact is **impairment**, including the possibility of potentially reversing impairment losses in some cases - a mandatory and not optional reversal (except for goodwill and financial instruments). Entities may need to:

- revisit underlying cash flow forecasts in light of potentially improving conditions
- consider the effect of changes in interest rates and risk margins
- consider the potential effects of the Federal Government’s proposed Carbon Pollution Reduction Scheme.

In addition, a wide range of other impacts might need to be considered – from going concern to fair value determination to more specific issues such as the impact on earnings per share calculations of discounted capital raisings and improved share prices potentially bringing options into the money.

All of this under the eyes of an increasingly active regulator, looking to widen both the number and scope of reviews.

A new look for the financial statements themselves

Full-year financial statements for June 2010 will look very different to those from previous years, due to the implementation of a raft of reforms and changes – from both an Australian and global perspective.

The headline changes introduced for the first time include:

- **Primary financial statements** – new titles, formats and layouts means a different look to the ‘front’ section of the financial statements. Key changes include the mandatory introduction of a statement of comprehensive income and statement of changes in equity, voluntary renaming of the income statement, balance sheet and cash flows statement and the requirement for a ‘third balance sheet’ in some cases
- **Mergers and acquisitions** – new requirements for accounting for business combinations will generally result in more profit volatility due to changes such as expensing of transaction costs, more prescriptive guidance on ‘separate accounting’ for share-based payments and pre-existing relationships, contingent consideration such as earn outs being treated as financial instruments and new guidance on changes in ownership interests
- **Segment reporting** – a new ‘through the eyes of management’ approach to the disclosure of segment information. Implementation of equivalent requirements in the United States was met with significant interest and investigation by the regulator and there is the potential for similar scrutiny in Australia
- **Proposed elimination of parent entity columns** – proposed amendments to the Corporations Act 2001 will eliminate the requirement to provide separate financial statements for the parent entity, in favour of a note to the financial statements containing limited financial information about the parent. This will see a substantial reduction in the amount of financial information presented throughout the financial statements and may make financial statements easier to understand
- **Proposed revised differential reporting regime** – voluntary early adoption of the AASB’s proposed revised differential reporting regime would permit reporting entities without ‘public accountability’ to present substantially less disclosure than in the past.

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, the proposed amendments to the *Corporations Act 2001* and the introduction of the AASB’s revised differential reporting regime are both subject to finalisation and approval. There is some risk that either or both may not be implemented, or may be implemented in a different way to the current proposals. 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 considerations for the current reporting season

Managing out of volatile times

The June 2010 reporting season sees a very different economic environment to that facing entities 12 months ago. The threat of a deep Australian recession appears to have abated, growth has returned and the first signs of a global recovery have emerged. However, the threat of further shocks cannot be discounted and a number of conflicting indicators reveal the uncertainty lying ahead.

Impact on financial reporting

The continuing uncertain economic climate and volatility in key variables will present entities with ongoing challenges in complying with IFRS.

The table below provides a broader perspective on the areas of IFRS that may require additional attention in the current financial climate:

Area	Example considerations
Impairment	• Underlying assumptions on cash flows used in valuation models need to be recalibrated to reflect new economic conditions • Changes, both positive and negative, in short term interest rates and risk premiums, and their effects on discount rates, need monitoring • Inflation assumptions may be difficult to determine • Interaction with the revised segment reporting standard (AASB 8) needs to be considered in relation to the level at which goodwill is tested for impairment
Earnings per share	• Discount elements in discounted capital raisings, rights issues and similar arrangements may give rise to 'bonus element' adjustments • Options and similar instruments may be 'in the money' due to share market price increases
Loans, borrowings and other financing	• Classification of debt as current or non-current in light of actual and potential covenant breaches and unusual embedded terms which may be triggered in the current economic climate • Careful review of new and/or renegotiated borrowing facilities to identify key covenants and other compliance considerations and ensure these are monitored • Possibility of embedded derivatives in old or newly renegotiated contracts that may have value in the current climate, even if previously immaterial or not identified
Provisions and other long-term obligations	• Long-term discount rates may materially impact the carrying amount of provisions as interest rates begin to rise • Reassessment of onerous contracts
Receivables	• Recoverability of trade receivables may have improved or changed • Disclosures around allowances for credit losses
Investments	• 'Available-for-sale' reserves that are in debit (losses) may need to be recycled to the income statement, directly impacting profit or loss • Subsequent increases in value of available-for-sale equity instruments are recognised in equity rather than profit or loss
Held for sale assets	• Reconsider whether the criteria for classification as 'held-for-sale' continues to be satisfied where sale transactions have not been finalised • Reassessment of disposal strategies may result in reclassifications 'in' / 'out' of the 'held-for-sale' category
Financial instruments	• Some instruments may continue to present difficulties in determining fair value • Impact of counterparty risk on fair values • Reassess likelihood that group guarantees may be called upon • Whether contracts which previously met the 'own use' exemption under AASB 139 are no longer able to meet the exemption requirements due to contracts being net settled or changes in expected supply and demand

Area	Example considerations
Hedge accounting	• Effectiveness testing of hedging arrangements may come under pressure in volatile markets if key variables move outside expected ranges • Whether a hedged forecast transaction can still be demonstrated to be highly probable
Share-based payments	• Valuation of share-based payment arrangements under AASB 2 can be more judgemental where key valuation variables depart from historical trends or move quickly • Accounting for cancellation or modification of share-based payment schemes can have a significant impact on reported profits • Unforeseen accounting and tax consequences of scheme modifications
Deferred taxes	• Application of the 'probable profits' test for deferred tax assets, including carry forward tax losses
Special purpose entities	• (Voluntary) changes to the structure of special purpose entities or their relationship with sponsoring or other entities may result in consolidation

Disclosure considerations

IFRS contains extensive disclosure which can come into play in preparing financial reports in volatile or uncertain times. Whilst every entity will face different facts and circumstances, some of the major areas where the need for informative disclosure may arise as a result of the current economic climate include:

- Judgements made in applying accounting policies and key sources of estimation uncertainty (AASB 101)
- Financial instrument disclosure – liquidity and market risk, fair values of financial instruments, defaults and breaches, sensitivity analysis and the new requirements for disclosure about fair values in a 'three level hierarchy' (AASB 7)
- Information about impairments, reversals of impairments, assumptions and sensitivity analyses (AASB 136)
- Uncertainties around provisions and contingent liabilities (AASB 137)
- Events after the end of the reporting period (AASB 110)
- Information about significant changes to the compensation of key management personnel, including the award of bonuses (AASB 124).

Australian emissions trading scheme

At the date of this publication, the Federal Government had not been successful in negotiating the passage of its Carbon Pollution Reduction Scheme (CPRS) through Parliament and it would appear implementation of a CPRS before the next Federal election is remote. Accordingly, the need to directly account for an Australian CPRS at 30 June 2010 is also unlikely, although entities may be exposed to other schemes in jurisdictions where they operate.

Notwithstanding the lack of an enacted carbon pricing mechanism in the Australian economy, the effects of carbon cannot be ignored in financial reporting or the wider business context. Existing legislation requires an increasing number of entities to monitor their carbon emissions and the uncertainty surrounding a carbon price is being reflected in market transactions in industries heavily exposed to carbon.

Impact on financial reporting

In relation to carbon accounting itself, there is currently no formal guidance at the International or Australian levels on how to account for permits issued under emission trading schemes. IFRIC 3 *Emission Rights* was withdrawn in June 2005 by the IASB because of a lack of symmetry between the recognition and measurement of the permit asset and the emissions obligation. There are however various accounting treatments adopted in Australia – refer Deloitte publication 'Australian emissions trading scheme', available on www.deloitte.com.au.

The IASB and AASB have both added emission rights accounting to their respective agendas, however an exposure draft is not expected from the IASB at least until the end of calendar 2010.

Notwithstanding the lack of guidance on how to account for an emissions trading schemes (ETS), the possibility of some sort of ETS being eventually introduced into Australia results in a number of financial reporting considerations for the current period. These include:

- **Impairment testing** – the passage of the CPRS may be a 'trigger' for impairment testing in some cases. If the CPRS legislation is not passed prior to the end of the reporting period, there may still be an impact. In any case, the current market assessment of the risks arising from the CPRS will need to be built into impairment testing, either directly (under a fair value model) or indirectly (by adjusting discount rates used in value in use models for risks premiums attached to the possible CPRS legislation)

- **Provisions and contingent liabilities** – the effects of the CPRS legislation will need to be taken into consideration in the measurement of existing provisions (particularly environmental provisions) once the legislation is 'virtually certain' of being enacted. New obligations may also arise under current and existing legislation around emissions and carbon credits, e.g. considerable penalties can apply for non-compliance with the *National Greenhouse and Energy Reporting Act 2007*
- **'Carbon pass-through' and price adjustment clauses in contracts** – in light of the uncertainty around the passage of the legislation to implement the CPRS, many agreements (particularly in the electricity sector) that straddle the possible implementation date include clauses that permit an adjustment for the effects (if any) of the CPRS. Many entities will be required to fair value these clauses, either because the contract itself is a derivative or the clause represents an embedded derivative
- **Hedging programs** – carbon pass-through and price adjustment clauses in hedging arrangements may be included in hedging arrangements. Management will be required to consider how they designate hedge relationships which make use of contracts that contain multiple risks. Even where the hedge relationship has been appropriately articulated, the pass through could potentially undermine hedge accounting or hedge effectiveness
- **Disclosure of significant adjustments and estimation uncertainties** – in industries where the proposed CPRS legislation may have a material impact, additional disclosures should be considered to comply with the requirements of AASB 101 *Presentation of Financial Statements*. Such disclosures might include the manner in which the proposed CPRS legislation has been taken into account in the determination of recoverable amount and the likely impact on the measurement of provisions
- **Disclosures under ASX Principle 7** – an entity will be required to report how it manages its material business risks arising from the CPRS legislation under the ASX Corporate Governance Principles and Recommendations.

For more information on the financial reporting implications of the CPRS, see Accounting alert 2009/03, available at http://www.deloitte.com/au/AccountingAlerts.

Taxation of financial arrangements (TOFA)

Legislation introducing new requirements for the taxation of financial arrangements (TOFA) received Royal Assent on 26 March 2009. The TOFA reforms provide taxpayers with different options as to the recognition of assessable income and allowable deductions in respect of certain financial assets and liabilities (financial instruments). The new options available are largely aligned with the treatment specified in the accounting requirements of AASB 121 *The Effects of Changes in Foreign Exchange Rates*, AASB 132 *Financial Instruments: Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*. Currently the tax treatment of financial instruments is a mixture of the cash and accruals basis of realisation, which may result in significant temporary differences when comparing accounting carrying values and tax bases, often creating problems with systems, cash flow management and franking capacity.

In broad terms, under TOFA, taxpayers will be taxed under an accruals/realisation based approach, unless they choose to align the tax treatment of financial instruments more closely with accounting by electing to adopt the fair value, hedging, retranslation and/or financial reports approaches for tax purposes, provided they meet the requirements for those elections.

The new rules are mandatory for income years beginning on or after 1 July 2010 with an elective earlier start date of the income year commencing on or after 1 July 2009.

Impact on financial reporting

Where the TOFA regime has been adopted, the main impact will, depending on the elections made by the entity, be a change in the tax base of certain financial instruments, thereby impacting the entity's deferred tax balances. The transitional requirements of the TOFA rules can also create additional deferred taxes in some cases.

If the new TOFA rules are not adopted early, they are unlikely to have a direct impact on financial reporting at the 30 June 2010 financial year end. However, because of the strong linkage to accounting outcomes under the TOFA rules, there will be an increased emphasis on accounting measurements where they are also used for tax purposes. In addition, there may be some impacts on the market value of instruments, or other changes to tax structures that have indirect impacts on financial reporting measures, impairment of financial instruments and so on. Accordingly, entities considering their options under the TOFA rules should include consideration of both the direct and indirect financial reporting impacts.

Entities should seek advice from a TOFA specialist for further assistance.

Other taxation changes

The current financial reporting period has seen many entities take advantage of the Federal Government's 'Small Business and General Business Tax Break', which provided a temporary investment allowance for entities undertaking certain types of capital expenditure. The allowance was permitted as an additional deduction at various rates depending upon the size of the entity. The allowance did not impact the ability to claim depreciation in the future.

In addition, at the date of this publication, the Federal Government had tabled, but not passed, legislation introducing a raft of amendments to the tax-consolidation provisions of the Australian tax acts. Many of the changes are retrospectively applicable, in some cases as far back as the commencement of the tax consolidation regime in 2002. The changes have various impacts on how an entity treats items under tax consolidation and in some cases may change the tax treatment of items, e.g. the 'rights to income' proposals.

Impact on financial reporting

Accounting for the investment allowance is unclear under IFRS. As an 'investment tax credit' excluded from the scope of AASB 112 *Income Taxes*, there are differing views on how to account for the impacts of the benefit. The two main approaches are to treat it as a tax benefit in income tax expense, or to treat it as a form of government grant that is matched against the amortisation of the underlying asset.

In general terms, the impacts of the tax-consolidation amendments will only be recognised once the amending legislation is enacted or substantively enacted. With uncertainties in the political cycle, it may be the changes are made after year end (and so treated as a subsequent event rather than an adjusting event), or parliament may even be prorogued for the Federal election before the legislation is debated.

In the event the legislation is passed, the partially retrospective nature of the tax-consolidation changes also presents difficulties in accounting. Some entities may have already applied principles consistent with certain aspects of the new legislation in the past. Others may have followed other interpretations, potentially leading to 'prior period adjustments' in the income tax reconciliation as the effects may generally be reflected in income tax expense once the legislation is enacted or substantively enacted.

Newly introduced requirements, particularly the 'rights to future income' proposals, also have retrospective application. The linkage between book and tax treatment of items and the past treatment for accounting purposes will be important considerations in reflecting the impact of any changes in this area. This is particularly important since some tax changes maybe retrospectively applied in accounting periods before Australia's adoption of IFRS, or under various standards and amendments affecting accounting for business combinations since IFRS was adopted.

'Underlying profit' disclosures

In mid-March 2009, guidance was issued by the Australian Institute of Company Directors (AICD) and Financial Services Institute of Australia (FINSIA) in relation to 'non-statutory profit' disclosures in financial reports. Concern had been raised about widespread use of different 'non-statutory profit' disclosures, which in the view of the AICD and FINSIA can nonetheless be valuable information for users of the financial information. The AICD and FINSIA guidance seeks to encourage companies to disclose any non-statutory measure of profit in a responsible and consistent manner. Key aspects of the guidance include:

- The recommendation that any non-statutory measure of profit disclosed be termed 'underlying profit'
- The establishment of seven principles to reporting underlying profit, including a principle that 'underlying profit' be reconciled to net profit after tax (NPAT) included in statutory financial reports
- Examples of the common items that adjust NPAT to arrive at underlying profit
- A suggestion that companies following the guidance should disclose that fact.

Impact on financial reporting

Whilst there is no direct impact of the guidance on the financial statements themselves, entities should reassess financial information disclosed elsewhere in financial reports in light of the guidance.

Key questions directors should ask when it comes to underlying profit are:

- Is management presenting the underlying profit and the accompanying reconciliation in a balanced manner?
- Has the entity adopted a transparent and consistent approach to the reporting of adjustments so that they are clear and comparable between reporting periods?
- Are the adjustments consistent with other industry players? If not, why?
- Is there a trend in the underlying profit adjustments across reporting periods?
- How does the growing prevalence of underlying profit impact executive remuneration measures?

We have conducted a survey of underlying profit practices of Australian companies. More information is available at https://www.deloitte.com/view/en_AU/au/news-research/media-releases/0a7fa0d28b9d6210VgnVCM100000ba42f00aRCRD.htm.

ASIC's likely focus areas

At the date of this publication, the Australian Securities & Investments Commission (ASIC) had not yet released its focus areas for the June 2010 reporting season. If prior practice is followed, it is likely ASIC will announce its focus areas in late June or early July – you can stay up to date on these and other developments at our website at www.deloitte.com/au/Accounting.

In January 2010, ASIC released the findings from its review of 30 June 2009 financial reports and its recommended areas of focus for 31 December 2009 financial reports. These areas will continue to be instructive for the June 2010 reporting season.

Some of the key areas noted include:

- Going concern – particularly around funding requirements and keeping the market informed
- Asset impairment – possibility of additional write downs, use or realistic growth and discount rates and complying with disclosure requirements
- Fair value – investment properties, 'significant or prolonged' criteria for available for sale assets, use of fair value for intangible assets
- Revised accounting standards – segment reporting, business combinations, consolidation and presentation of financial statements
- Other areas – wide range of topics including off-balance sheet exposures, financial instrument disclosures, significant judgements, key assumptions and sources of estimation uncertainty.

Impact on financial reporting

Whilst there are no direct financial reporting impacts of the ASIC guidance, these areas are largely consistent with prior periods and provide directors, preparers and auditors with a good starting point in assessing the veracity of June financial reports.

Changes in reporting requirements

Financial reporting reform proposals

In late December 2009, the Federal Treasury and the AASB published proposals which promise substantial reform in financial reporting in Australia through changes to the application of Accounting Standards and amendments to the *Corporations Act 2001*. The Federal Government proposals are outlined in the draft *Corporations Amendment (Corporate Reporting Reform) Bill 2010* and the AASB proposals are included in its Consultation Paper *Differential Financial Reporting – Reducing Disclosure Requirements* and Exposure Draft ED 192 *Revised Differential Reporting Framework*.

The key proposals include

- Removal of the requirement for 'parent entity' financial statements from the *Corporations Act 2001*, in favour of a new regulation requiring the disclosure of certain parent information by way of note in the consolidated financial statements
- Introduction of a 'solvency' test, rather than an 'out of profits' test for the payment of dividends by companies governed by the *Corporations Act 2001*
- A revised differential reporting regime involving the removal of the 'reporting entity' concept and introducing a 'reduced disclosure regime' (RDR). All financial reports prepared in accordance with Accounting Standards would be considered 'general purpose financial reports' 'Tier 1' (entities with publicly accountability and certain other entities) reports would be prepared in accordance with 'full' IFRS in all aspects, whereas 'Tier 2' reports would comply with the recognition and measurement requirements of IFRS but have a lesser disclosure burden
- Modification and simplification of the reporting requirements for companies limited by guarantee
- Numerous other technical amendments to the *Corporations Act 2001* in areas such as reporting periods, the directors' declaration, legal protection for solicitor's representation letters, and so on.

At the date of this publication, these proposals had not been implemented. Many of the proposals in relation to the *Corporations Act 2001* are proposed to apply from enactment or at 30 June 2010. The revised differential reporting regime is proposed to apply to annual reporting periods beginning on or after 1 July 2012, but the AASB hopes to implement the regime in time for voluntary early adoption at 30 June 2010.

Impact on financial reporting

There is a great deal of uncertainty about the timing and final form of the proposed financial reporting reforms. The implementation of the reforms to the *Corporations Act 2001* will require support of the Senate and may be derailed by the political cycle. The AASB has also additionally indicated that it is willing to reconsider alternate approaches to its proposed differential reporting regime in light of constituent comment and in this case, any finalised amendments may not be available for 30 June 2010. Accordingly, there is some risk that one or both streams of reform may not be implemented by 30 June 2010 or at all, or may be implemented in a different way to the current proposals.

As the preparation of financial statements often necessarily requires a significant lead time due to information, systems and other considerations, care needs to be taken in planning for the upcoming reporting season and responding to this uncertainty

The key entities likely to benefit from the proposals include:

- Consolidated groups preparing general purpose financial reports – these entities would be able to eliminate the 'parent entity' columns from throughout the financial statements, but may still be required to provide certain parent information by way of note
- Reporting entities without 'public accountability' and certain not-for-profit entities – these entities would benefit from adopting the 'Tier 2' reporting regime thereby avoiding much disclosure, although implementation uncertainty may lead to some entities electing the 'safe option' of not planning to early adopt the new regime
- All entities subject to the *Corporations Act 2001* would benefit from increased flexibility in the payment of distributions. Equally all such entities need to be careful the new rules are complied with if enacted at the time of a payment of dividend or other distribution

For more information about the proposals, see Accounting alert 2009/11 and Accounting alert 2010/02, available at http://www.deloitte.com/au/AccountingAlerts. Additional alerts will be made available at this site as developments occur.

Important note

This publication has been prepared on the basis of both the *Corporations Act 2001* amendments and the proposals in exposure draft ED 192 being implemented by 30 June 2010. Accordingly, key changes such as the removal of the 'parent entity' columns have been made. Accordingly, entities should ensure they understand what has happened with these proposals closer to year end. We will provide updates at www.deloitte.com/au/AccountingAlerts as events happen.

Overview of new and amended reporting requirements – the 'next wave of IFRS'

Full year reporting at 30 June sees the first annual reporting season, for June reporters, in accordance with the 'next wave of IFRS'. There are numerous changes having substantial impacts in June reports.

Disclosing and other entities having produced half-year reports at December have already done some of the preparation for the revised requirements. However, the level of detail and disclosure at the full year is much greater than for half-year reports and so forward planning and early implementation are encouraged.

The table below outlines some of the key changes impacting annual reports at June 2010.

Area	Previous requirements	What's changed
Format of the financial statements (AASB 101)	Income statement Balance sheet Statement of changes in equity or statement of recognised income and expenses Cash flow statement	New names for statements (optional, but recommended) Must include a statement of comprehensive income (as single statement or as two statements) Must include a statement of changes in equity Requirement for a third balance sheet where accounting policies have been retrospectively applied, a retrospective restatement is made or the entity reclassifies items in its financial statements

Area	Previous requirements	What's changed
Business Combinations (AASB 3)	Non-controlling interests measured at the non-controlling interests' proportionate share of the acquiree's net identifiable assets Contingent consideration recognised at acquisition date only if payment of the contingent consideration was probable and it could be measured reliably. Any subsequent adjustments recognised against goodwill Acquisition-related costs accounted for as part of the cost of the business combination Limited guidance on other transactions associated with business combinations (e.g. share-based payments, settlement of pre-existing arrangements)	Choice to measure non-controlling interests either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree Contingent consideration to be measured at fair value at acquisition date. Subsequent adjustments to be recognised in profit or loss rather than against goodwill, except in limited circumstances, where they occur within the measurement period Acquisition-related costs to be accounted for separately from the business combination, which will usually lead to those costs being expensed New prescriptive guidance on share-based payment awards and other transactions occurring concurrently with business combinations
Operating segments (AASB 8)	Information provided about an entity's business and geographical segments Segments determined by reference to internal reporting structure but generally measured in accordance with IFRS requirements	New 'through the eyes of management' approach – segments and amounts determined by the information reported to the 'chief operating decision maker' Stricter requirements on aggregation of segments Goodwill impairment testing determined by reference to the new segments (before aggregation)
Financial instrument disclosures (AASB 7)	Significance of financial instruments Nature of extent of risks arising from financial instruments	New prescriptive 'three level' hierarchy for disclosure about financial instruments measured at fair value
Borrowing costs (AASB 123)	Optional whether or not eligible borrowing costs are capitalised into qualifying assets	Borrowing costs must be capitalised into qualifying assets (exception available for public sector entities)
Share-based payments (AASB 2)	Performance conditions are classified as 'market' and 'non-market ', with the former impacting initial valuation and the latter taken into consideration as part of the 'true up' each reporting period	Amendments distinguish between 'vesting conditions' (which must have a service condition) and 'non-vesting conditions'. Non-vesting conditions are taken into account in the initial valuation and are not taken into consideration as part of the 'true up' each reporting period
Puttable instruments (AASB 132)	Puttable instruments and obligations arising on liquidation are generally classified as liabilities	These instruments must be classified as equity where certain conditions are met
Real estate (AASB 111, AASB 118, AASB 140, Int 15)	Real estate sales were accounted for as a construction contract or in accordance with the general revenue recognition requirements Property under construction was usually accounted for on a cost basis	New guidance on when construction contract accounting is applied. Other contracts are accounted for under the general revenue requirements with revenue recognised on completion unless 'continuous transfer' occurs during the contract period Property under construction is now generally required to be accounted for on a fair value basis

Area	Previous requirements	What's changed
Investments (AASB 127)	General use of cost approach for changes in ownership interests Dividends received that represented a return of investment were recognised as a reduction of the cost of an investment Numerous methods of accounting for particular types of restructuring involving 'Newcos'	New guidance on changes in ownership interests: • Pre-existing and retained interests remeasured to fair value on gain or loss of control of a subsidiary • Remeasurement of retained interests on loss of significant influence or control • Changes in ownership interests in subsidiaries treated as a transaction between owners (reflected in equity). All dividends are recognised as income and the receipt of a dividend is an indicator of impairment in some cases. Prescriptive requirements in separate financial statements for particular types of restructures involving 'Newcos'
Government grant accounting (AASB 120)	The benefit of a nil or low interest rate loan is not quantified by the imputation of interest	The benefits of such loans must be accounted for as a government grant using the normal principles of AASB 139
Hedging (AASB 139)	The requirements of AASB 139 on what can be designated as a hedged portion were unclear	Inflation may be hedged in certain circumstances An entity may designate a one-sided risk as a hedged item
Annual improvements (various pronouncements, including AASB 5, AASB 101, AASB 102, AASB 138, AASB 139, AASB 141)	There are a number of areas where accounting policies are uncertain or where outcomes are unintentional	The IASB's annual improvement process has resulted in new requirements or outcomes in many areas, including the following: • Prepaid advertising and promotional activities • Classification of the assets and liabilities of subsidiaries as held for sale • Assets previously held for rental • Classification of derivatives that are 'held for trading' • Designation and documentation of hedges at the segment level • Determination of fair values of biological assets
Hedges of a Net Investment in a Foreign Operation (Int 16)	Unclear which risks were eligible for hedge accounting	Provides guidance on net investment hedging, including: • Which foreign currency risks qualify for hedge accounting, and what amount can be designated • Where within the group the hedging instrument can be held • What amount should be reclassified to profit or loss when the hedged foreign operation is disposed of
Distributions of Non-cash Assets to Owners (Int 17)	No guidance on how an entity should measure distributions to owners	Dividend payable recognised when the dividend is appropriately authorised and no longer at the discretion of the entity, and measured at the fair value of the net assets to be distributed Difference between the dividend paid and the carrying amount of the net assets distributed recognised in profit or loss Additional disclosures required where the net assets held for distribution to owners meet the definition of a discontinued operation

Area	Previous requirements	What's changed
Transfers of Assets from Customers (Int 18)	AASB Interpretation 1017 required an entity that received non-current assets from a developer or customer to recognise the contribution as revenue at the time of receipt, at the fair value of the assets received	Recipient recognises property, plant and equipment transferred, that meets the definition of an asset, at its fair value on the date of the transfer. The resulting credit is recognised as revenue in accordance with AASB 118

Detailed summary of new and revised accounting pronouncements

The information in this section is updated throughout the reporting season in our 'What's new' summary, available at **http://www.deloitte.com/au/WhatsNew**.

New and revised IFRS-equivalent Standards

The tables below outline the new and revised accounting pronouncements that either are to be applied for the first time at 30 June 2010, 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 other 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 director's resolutions for early adoption must be made under s.334(5).

New or revised requirement	When effective	Applicability to 30 June 2010 full years
AASB 101 *Presentation of Financial Statements* (September 2007), AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* The main changes from the previous version of AASB 101 are to require that an entity must: • Present all non-owner changes in equity ('comprehensive income') either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income) • Present an additional statement of financial position (balance sheet) as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in its financial statements (this would generally mean that three balance sheets are presented in these circumstances) • Disclose income tax relating to each component of other comprehensive income • Disclose reclassification adjustments relating to components of other comprehensive income. AASB 101 amends the titles of financial statements as follows (these changes are not mandatory): • 'Balance sheet' will become 'statement of financial position' • 'Income statement' will become part of the 'statement of comprehensive income', unless a separate income statement is presented • 'Cash flow statement' will become 'statement of cash flows'. *Note: The AASB has also released a revised version of AASB 1039 'Concise Financial Reports' to ensure consistency with this Standard. AASB 1049 has also been amended by AASB 2008-9 to achieve consistency with this version of AASB 101. See Domestic Standards below for more details.*	Applies to annual reporting periods beginning on or after 1 January 2009	Mandatory

New or revised requirement	When effective	Applicability to 30 June 2010 full years
AASB 123 *Borrowing Costs* (June 2007), AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* AASB 123 is equivalent to IAS 23 of the same name and eliminates the option of expensing borrowing costs related to qualifying assets, instead requiring capitalisation. Transitional provisions require prospective application to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the application date. However, an entity may designate any date before the application date and apply the Standard to borrowing costs relating to all qualifying assets for which the commencement date for capitalisation is on or after that date. The Amending Standard eliminates reference to the expensing option in various other pronouncements. *Note: See also AASB 2009-1 'Amendments to Australian Accounting Standards - Borrowing Costs of Not-for-Profit Public Sector Entities'.*	Annual reporting periods beginning on or after 1 January 2009	Mandatory
AASB 124 *Related Party Disclosures* (2009), AASB 2009-12 *Amendments to Australian Accounting Standards* Amends the requirements of the previous version of AASB 124 to: • Provide a partial exemption from related party disclosure requirements for government-related entities • Clarify the definition of a related party • Include an explicit requirement to disclose commitments involving related parties.	Applies to annual periods beginning on or after 1 January 2011	Optional
AASB 1 *First-time Adoption of Australian Accounting Standards* (May 2009) A new version of AASB 1 resulting from the IASB's 2007 annual improvements process which retains the substance of the previous version, but within a changed structure to make it easier for the reader to understand and to better accommodate future changes.	Applies to an entity's first Australian-Accounting-Standards financial statements for reporting periods beginning on or after 1 July 2009	n/a (mandatory only for first-time adopters)
AASB 3 *Business Combinations* (2008), AASB 127 *Consolidated and Separate Financial Statements* (2008), AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* and AASB 2008-11 *Amendments to Australian Accounting Standard - Business Combinations Among Not-for-Profit Entities* Revised standards resulting from the joint IASB-FASB Business Combinations Phase II project, equivalent to revised IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*. Alters the manner in which business combinations and changes in ownership interests in subsidiaries are accounted for. There are also consequential amendments to other standards effected through AASB 2008-3, most notably AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. AASB 2008-11 confirms that business combinations involving not-for-profit entities are within the scope of AASB 3. This has the effect of requiring assets acquired in a merger of not-for-profit entities to be re-measured, normally at fair value, as at the date of the merger (with special rules for local governments).	**AASB 3** - applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009 **AASB 127** - amendments generally apply prospectively to annual reporting periods beginning on or after 1 July 2009 **AASB 2008-3 and AASB 2008-11** - applies to annual reporting periods beginning on or after 1 July 2009	Mandatory

New or revised requirement	When effective	Applicability to 30 June 2010 full years
AASB 8 *Operating Segments*, AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* AASB 8 replaces AASB 114 *Segment Reporting* and introduces a new 'management approach' to segment reporting to more closely align IFRS with US-GAAP. Unlike AASB 114, AASB 8 only applies to entities which have on issue any debt or equity securities that are traded in a public market (or which are in the process of issuing any class of instruments in a public market). However, the requirements in AASB 136 *Impairment of Assets* regarding the testing of goodwill by reference to an upper limit of a segment identified under AASB 8 apply to all entities. The AASB has released a revised version of AASB 1039 *Concise Financial Reports* to ensure consistency with this Standard. See Domestic Standards below for more details.	Applies to annual reporting periods beginning on or after 1 January 2009	Mandatory
AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* 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 2013	Optional

New or revised domestic Standards

New or revised requirement	When effective	Applicability to 30 June 2010 full years
AASB 1039 *Concise Financial Reports* (revised) Revised AASB 1039 that incorporates changes in terminology and descriptions of the financial statements to achieve consistency with AASB 101 *Presentation of Financial Statements* (September 2007) and updates the segment disclosure requirements to be consistent with AASB 8 *Operating Segments*.	Applies to annual reporting periods beginning on or after 1 January 2009	Mandatory
AASB 1048 *Interpretation and Application of Standards* (March 2009) Updated version of this 'service standard' to provide a mandatory requirement to comply with Interpretations in the Australian context.	AASB 1048 applies to annual reporting periods ending on or after 31 March 2009 but contains specific application dates for each Interpretation (refer to Interpretations below)	Mandatory (refer to Interpretations below)

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 2010 full years
AASB 2007-10 ***Further Amendments to Australian Accounting Standards arising from AASB 101*** This Amending Standard changes the term 'general purpose financial report' to 'general purpose financial statements' and the term 'financial report' to 'financial statements', where relevant, in Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.	Applies to annual reporting periods beginning on or after 1 January 2009	Mandatory
AASB 2008-1 ***Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations*** Amends AASB 2 *Share-based Payment* to introduce equivalent amendments made to IFRS 2 *Share-based Payment* by the IASB to: • Clarify that vesting conditions are those conditions that determine whether the entity receives the services that result in the counterparty's entitlement • Restrict the definition of vesting conditions to include only service conditions and performance conditions • Amend the definition of performance conditions to require the completion of a service period in addition to specified performance targets • Specify that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.	Applies retrospectively to annual reporting periods beginning on or after 1 January 2009	Mandatory
AASB 2008-2 ***Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation*** Amends AASB 132 *Financial Instruments: Presentation* and AASB 101 *Presentation of Financial Statements* and a number of other standards to introduce requirements equivalent to the IASB's amendments regarding puttable financial instruments and obligations arising on liquidation. The amendments permit certain puttable financial instruments and instruments (or components of instruments) that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.	Applies retrospectively to annual reporting periods beginning on or after 1 January 2009	Mandatory
AASB 2008-5 ***Amendments to Australian Accounting Standards arising from the Annual Improvements Project*** Makes amendments to 25 different Standards and is equivalent to the IASB Standard Improvements to IFRSs issued in May 2008. The amendments largely clarify the required accounting treatment where previous practice had varied, although some new or changed requirements are introduced. Topics include below market interest-rate government loans, accounting for advertising and promotional expenditure, investment property under construction and the reclassification to inventories of property, plant and equipment previously held for rental when the assets cease to be rented and are held for sale.	Applies retrospectively (with some exceptions) to annual reporting periods beginning on or after 1 January 2009	Mandatory

New or revised requirement	When effective	Applicability to 30 June 2010 full years
AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* Makes amendments to Australian Accounting Standards AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* to include requirements relating to a sale plan involving the loss of control of a subsidiary. The amendments require all the assets and liabilities of such a subsidiary to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation. *Note: The amendments cannot be early adopted for annual reporting periods beginning before 1 July 2009 unless AASB 127 'Consolidated and Separate Financial Statements' (as amended by AASB 2008-5 in July 2008) is also applied.*	Applies retrospectively to annual reporting periods beginning on or after 1 July 2009	Mandatory
AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* This Amending Standard: • Amends AASB 127 *Consolidated and Separate Financial Statements* to remove the definition of the 'cost method' and to require the separate financial statements of a new parent formed as the result of a specific type of reorganisation to measure the cost of its investment in the previous parent at the carrying amount of its share of the equity items of the previous parent at the date of the reorganisation • Removes from AASB 118 *Revenue* the requirement to deduct dividends declared out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity or associate accounted for under the cost method. Therefore, all dividends from a subsidiary, jointly controlled entity or associate are recognised by the investor as income • Implements consequential amendments to AASB 136 *Impairment of Assets*, introducing a new indicator of impairment for investments in subsidiaries, jointly controlled entities and associates where a dividend has been recognised • Allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous GAAP to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements.	Applies prospectively for annual reporting periods beginning on or after 1 January 2009	Mandatory
AASB 2008-8 *Amendments to Australian Accounting Standards - Eligible Hedged Items* Clarifies the hedge accounting provisions of AASB 139 *Financial Instruments: Recognition and Measurement* to address: • Inflation in a financial hedged item - inflation may only be hedged if changes in inflation are a contractually specified portion of cash flows of a recognised financial instrument • A one-sided risk in a hedged item - the amendments make clear that the intrinsic value, not the time value, of an option reflects a one-sided risk and, therefore, an option designated in its entirety cannot be perfectly effective.	Applies retrospectively to annual reporting periods beginning on or after 1 July 2009	Mandatory

New or revised requirement	When effective	Applicability to 30 June 2010 full years
AASB 2008-9 *Amendments to AASB 1049 for consistency with AASB 101* Amends AASB 1049 *Whole of Government and General Government Sector Financial Reporting* to reflect the revised requirements in AASB 101 (September 2007), including presenting a whole of government and GGS statement of changes in equity, and using AASB 101 terminology. Also clarifies the government operating statement requirements and the budgeted information disclosure requirements.	Applies to annual reporting periods beginning on or after 1 January 2009	Mandatory
AASB 2009-1 *Amendments to Australian Accounting Standards - Borrowing Costs of Not-for-Profit Public Sector Entities* Amends AASB 123 *Borrowing Costs* to reintroduce the option to allow public sector not-for-profit entities to expense all borrowing costs.	Applies to annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009	Mandatory
AASB 2009-2 *Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments* Amends AASB 7 *Financial Instruments: Disclosures* to require enhanced disclosures about fair value measurements and liquidity risk. Among other things, the amendments: • Clarify that the existing AASB 7 fair value disclosures must be made separately for each class of financial instrument • Add disclosure of any change in the method for determining fair value and the reasons for the change • Establish a three-level hierarchy for making fair value measurements used in the disclosures • Clarify that the current maturity analysis for non-derivative financial instruments should include issued financial guarantee contracts and disclosure of a maturity analysis for derivative financial liabilities. Comparative information is not required to be provided in the first year the amendments are applied.	Applies to annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009	Mandatory
AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process* Introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are technical changes to other pronouncements as the result of the issue of AASB 3 *Business Combinations* (2008), to align the scope of the pronouncements or to implement other consequential amendments. A further amendment changes the restriction in Interpretation 16 Hedges of a Net Investment in a Foreign Operation on the entity that can hold hedging instruments. *Note: An entity early adopting AASB 3(2008) must also apply the consequential amendments to AASB 2, AASB 138 and Interpretation 9 included in AASB 2009-4.*	Applies to annual reporting periods beginning on or after 1 July 2009	Mandatory

New or revised requirement	When effective	Applicability to 30 June 2010 full years
AASB 2009-5 ***Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process*** Introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings. *Note: The amendments made to the guidance to AASB 118 Revenue regarding determining whether an entity is acting as agent or principal have no explicit application date and we understand that they are taken to be immediately applicable.*	Applies to annual reporting periods beginning on or after 1 January 2010 (see note in previous column regarding guidance in AASB 118)	Optional
AASB 2009-6 ***Amendments to Australian Accounting Standards and Erratum General Terminology Changes*** **(October 2009)** This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also makes additional amendments as a consequence of the issuance in September 2007 of a revised AASB 101. The Erratum makes a number of additional terminology-related and editorial changes. These amendments have no major impact on the requirements of the amended pronouncements.	Applies to annual reporting periods beginning on or after 1 January 2009 that end on or after 30 June 2009	Mandatory
AASB 2009-7 ***Amendments to Australian Accounting Standards*** This Standard makes amendments to AASB 5, AASB 7, AASB 139 and Interpretation 17 to correct errors that occurred in AASB 2008-12 *Amendments to Australian Accounting Standards Reclassification of Financial Assets Effective Date and Transition*, AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 Distributions of Non-cash Assets to Owners* and Interpretation 17 itself. The other amendments reflect changes made by the IASB to its pronouncements. These editorial amendments have no major impact on the requirements of the amended pronouncements.	Applies to annual reporting periods beginning on or after 1 July 2009	Mandatory
AASB 2009-8 ***Amendments to Australian Accounting Standards - Group Cash-Settled Share-based Payment Transactions*** Amends AASB 2 *Share-based Payment* to clarify the accounting for group cash-settled share-based payment transactions. An entity receiving goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments to AASB 2 also incorporate guidance previously included in Interpretation 8 Scope of AASB 2 and Interpretation 11 *AASB 2 - Group and Treasury Share Transactions* and as a consequence these two Interpretations are superseded by the amendments.	Applies to annual periods beginning on or after 1 January 2010 and must be applied retrospectively	Optional
AASB 2009-9 ***Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters*** Provides additional exemptions and modifications on transition to Australian Accounting Standards in relation to certain oil and gas assets in development or production, decommissioning, restoration and similar liabilities related to those assets, and Interpretation 4 lease assessments made under equivalent requirements of pre-transition GAAP.	Applies to annual reporting periods beginning on or after 1 January 2010	Optional

New or revised requirement	When effective	Applicability to 30 June 2010 full years
AASB 2009-10 *Amendments to Australian Accounting Standards - Classification of Rights Issues* Amends AASB 132 *Financial Instruments: Presentation* to require a financial instrument that gives the holder the right to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as an equity instrument if, and only if, the entity offers the financial instrument pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Prior to this amendment, rights issues (rights, options, or warrants) denominated in a currency other than the functional currency of the issuer were accounted for as derivative instruments.	Applies to annual reporting periods beginning on or after 1 February 2010	Optional
AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement* Makes limited-application amendments to Interpretation 14 *AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendments apply when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements, permitting the benefit of such an early payment to be recognised as an asset.	Applies to annual periods beginning on or after 1 January 2011 (applied retrospectively from the beginning of the earliest comparative period presented)	Optional
AASB 2010-1 *Limited Exemption from Comparative AASB7 Disclosures for First-time Adopters - Amendment to AASB 1* Provides additional exemption on IFRS transition in relation to AASB 7 *Financial Instruments: Disclosures*, to avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS-compliant preparers.	Applies to annual periods beginning on or after 1 July 2010	n/a (Optional for first-time adopters)

New and revised Interpretations

New or revised requirement	When effective	Applicability to 30 June 2010 full years
Interpretation 15 *Agreements for the Construction of Real Estate* Addresses the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, specifically two (related) issues: • Determining whether an agreement for the construction of real estate is within the scope of AASB 111 *Construction Contracts* or AASB 118 *Revenue* • When revenue from the construction of real estate should be recognised.	Applies retrospectively to annual reporting periods beginning on or after 1 January 2009	Mandatory
Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* Provides guidance on net investment hedging, including: • Which foreign currency risks qualify for hedge accounting, and what amount can be designated • Where within the group the hedging instrument can be held • What amount should be reclassified to profit or loss when the hedged foreign operation is disposed of. *Note: AASB 2009-4 amends this Interpretation to remove restrictions on the entity that can hold hedging instruments in the hedge relationship.*	Applies prospectively to annual reporting periods beginning on or after 1 October 2008	Mandatory

New or revised requirement	When effective	Applicability to 30 June 2010 full years
Interpretation 17 *Distributions of Non-Cash Assets to Owners* and AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 Distributions of Non-Cash Assets to Owners* Requires: • A dividend payable to be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity • An entity to measure the dividend payable at the fair value of the net assets to be distributed • An entity to recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss • An entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. AASB 2008-13 makes consequential amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* and AASB 110 *Events After the Reporting Period*.	Applies prospectively to annual reporting periods beginning on or after 1 July 2009	Mandatory
Interpretation 18 *Transfers of Assets from Customers* The Interpretation clarifies the accounting for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). The key requirements of the Interpretation include: • An asset is only recognised where it meets the definition of an asset in the Framework • Transferred assets that meet the definition of an asset are initially recognised at fair value • Revenue arising from the recognition of the transferred assets is recognised in accordance with the requirements of AASB 118 *Revenue*. Revenue may involve one or more services in exchange for the transferred item, such as connecting the customer to a network, providing the customer with ongoing access to a supply of goods or services, or both.	Applies to transfers of assets from customers received on or after 1 July 2009	Mandatory
Interpretation 19 *Extinguishing Liabilities with Equity Instruments* Requires the extinguishment of a financial liability by the issue of equity instruments to be measured at fair value (preferably using the fair value of the equity instruments issued) with the difference between the fair value of the instruments issued and the carrying value of the liability extinguished being recognised in profit or loss. The Interpretation does not apply where the conversion terms were included in the original contract (such as in the case of convertible debt) or to common control transactions.	Applies to annual periods beginning on or after 1 July 2010 (applied retrospectively from the beginning of the earliest comparative period presented)	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 2010 full years
International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) This Standard provides an alternative framework that can be applied by eligible entities in place of the full set of International Financial Reporting Standards (IFRSs) on issue. The IFRS for SMEs is a self-contained Standard, incorporating accounting principles that are based on full IFRSs but that have been simplified to suit the entities within its scope (known as SMEs). By removing some accounting treatments permitted under full IFRSs, eliminating topics and disclosure requirements that are not generally relevant to SMEs, and simplifying requirements for recognition and measurement, the IFRS for SMEs reduces the volume of accounting requirements applicable to SMEs by more than 90 per cent when compared with the full set of IFRSs.	The IASB has not set an effective date for the Standard because the decision as to whether to adopt the IFRS for SMEs (and also, therefore, the timing for adoption) is a matter for each jurisdiction	The AASB has tentatively decided not to implement the IFRS for SMEs in the Australian context at this time, instead proposing eliminating the reporting entity concept and introducing a 'reduced disclosure regime' (RDR)

ASX Listing Rule amendments

A number of ASX Listing Rule amendments came into effect on 11 January 2010. The key changes include:

- Corporate governance - changes to the entities required to have a constituted audit committee (all entities in the S&P/ASX 300)
- Backdoor listings – clarification of information requirements
- Quarterly reporting by mining exploration entities – extended to include interests in mining tenements if material to the entity
- Dividend announcements – explicit requirements around dividend reinvestment plans and foreign conduit income
- Capital – clarification and amendments relating to reconstruction of capital and on-market buy-backs by listed trusts
- A number of rules that are redundant or which overlap with the requirements of the *Corporations Act 2001* have been deleted.

More information about the amendments can be found in Companies Update 01/10, available on the ASX website.

Online resources

Deloitte Australia website

Regulation is a given in this post-Enron and post-financial crisis world. 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, we've recently relaunched a transformed and updated **Assurance and Advisory website** to assist you. In response to your feedback, the site has been restructured with hot topics, easier navigation, **expert accounting technical information** (including archives) and more detailed information about our services. The new site and content is designed to assist you quickly find the information suited to your needs.

Why not visit our new site now at http://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:

- IFRS - www.deloitte.com/au/IFRS
- Monthly Roundups of developments – www.deloitte.com/au/MonthlyRoundup
- Advisory Services – www.deloitte.com/au/AdvisoryServices
- Carbon Reporting – www.deloitte.com/au/CarbonReporting
- Accounting alerts – www.deloitte.com/au/AccountingAlerts

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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.iasb.org
- FASB – www.fasb.org (in addition to US-GAAP information, contains information on joint IASB/FASB projects)