

Accounting Standard

AASB 2008-X

December 2008

**Amendments to Australian
Accounting Standards
arising from AASB
Interpretation 17 –
Distributions of Non-cash
Assets to Owners**

[AASB 5 & AASB 110]

Draft AASB 2008-X Amendments to Australian Accounting Standards arising from AASB Interpretation 17 - Distributions of Non-cash Assets to Owners will be considered by the Board at its meeting on 17-18 December 2008. Please note that the Draft Accounting Standard does not reflect settled positions by the AASB and may change or be modified by the AASB. This draft is not an authoritative pronouncement of the AASB. Decisions become final only after completion of the formal processes required to issue an Exposure Draft. No responsibility is taken for the results of actions or omission to act taken on the basis of any information in this draft or for any errors or omissions.



Australian Government

**Australian Accounting
Standards Board**

Obtaining a Copy of this Accounting Standard

This Standard is available on the AASB website: www.aasb.gov.au.
Alternatively, printed copies of this Standard are available for purchase by contacting:

The Customer Service Officer
Australian Accounting Standards Board
Level 7
600 Bourke Street
Melbourne Victoria
AUSTRALIA

Postal address:
PO Box 204
Collins Street West Victoria 8007
AUSTRALIA

Phone: (03) 9617 7637
Fax: (03) 9617 7608
E-mail: publications@aaasb.gov.au
Website: www.aasb.gov.au

Other Enquiries

Phone: (03) 9617 7600
Fax: (03) 9617 7608
E-mail: standard@aaasb.gov.au

COPYRIGHT

© Commonwealth of Australia 2008
This work is copyright. Apart from any use as permitted under the Copyright Act 1968, no part may be reproduced by any process without prior written permission. Requests and inquiries concerning reproduction and rights should be addressed to The Director of Finance and Administration, Australian Accounting Standards Board, PO Box 204, Collins Street West, Victoria 8007.

ISSN 1036-4803

AASB 2008-X

2

COPYRIGHT

CONTENTS

PREFACE

**ACCOUNTING STANDARD
AASB 2008-X AMENDMENTS TO AUSTRALIAN ACCOUNTING
STANDARDS ARISING FROM AASB INTERPRETATION 17 –
DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS**

	<i>Paragraphs</i>
Objective	1
Application	2 – 4
Amendment to AASB 5	5 – 10
Amendment to AASB 110	11
DELETED IFRS TEXT	<i>Page 8</i>

Australian Accounting Standard AASB 2008-X *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners* is set out in paragraphs 1-11. All the paragraphs have equal authority.

PREFACE

Standards Amended by AASB 2008-X

This Standard makes amendments to the following Australian Accounting Standards:

1. AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*; and
2. AASB 110 *Events after the Balance Sheet Date*.

These amendments arise from the issuance by the IASB of Interpretation 17.

Main Features of this Standard

Application Date

This Standard is applicable to annual reporting periods beginning on or after 1 July 2009 with early adoption permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 July 2009 provided AASB Interpretation 17 is also adopted early for the same period. This Standard shall be applied when AASB Interpretation 17 is applied.

Main Requirements

The issuance of AASB Interpretation 17 necessitates consequential amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* and AASB 110 *Events after the Balance Sheet Date*. The amendments are in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners and the disclosure requirements for dividends that are declared after the reporting period but before the financial statements are authorised for issue, respectively.

ACCOUNTING STANDARD AASB 2008-X

The Australian Accounting Standards Board makes Accounting Standard AASB 2008-X *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners* under section 334 of the *Corporations Act 2001*.

Dated XX December 2008

Bruce Porter
Acting Chair – AASB

ACCOUNTING STANDARD AASB 2008-X

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM AASB INTERPRETATION 17 – DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS

Objective

- 1 The objective of this Standard is to make amendments to:
 - (a) *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*
 - (b) *AASB 110 Events after the Balance Sheet Date*as a consequence of the issuance of AASB Interpretation 17 – *Distributions of Non-cash Assets to Owners* in December 2008.

Application

- 2 **This Standard applies to:**
 - (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**
 - (b) **general purpose financial reports of each reporting entity; and**
 - (c) **financial reports that are, or are held out to be, general purpose financial reports.**

- 3 **This Standard applies to annual reporting periods beginning on or after 1 July 2009.**
- 4 **This Standard shall be applied when AASB Interpretation 17 is applied. This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2009 provided AASB Interpretation 17 is also adopted early for the same period. When an entity applies this Standard to such an annual reporting period, it shall disclose that fact, and also apply AASB 3 *Business Combinations* (March 2008, as amended), AASB 127 *Consolidated and Separate Financial Statements* (July 2004, as amended) and AASB Interpretation 17.**

Amendments to AASB 5

- 5 Paragraph 5A is added:
 - 5A The classification, presentation and measurement requirements in this IFRS applicable to a non-current asset (or disposal group) that is classified as held for sale apply also to a non-current asset (or disposal group) that is classified as held for distribution to owners acting in their capacity as owners (held for distribution to owners).
- 6 The heading after paragraph 5A is amended to read as follows:

Classification of non-current assets (or disposal groups) as held for sale or as held for distribution to owners

- 7 The following sentence is added at the end of paragraph 8:
 - 8 ... The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable.
- 8 Paragraph 12A is added:
 - 12A A non-current asset (or disposal group) is classified as held for distribution to owners when the entity is committed to distribute the asset (or disposal group) to the owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable. For the distribution to be highly probable, actions to complete the distribution must have been initiated and should be

expected to be completed within one year from the date of classification. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the distribution is highly probable.

- 9 Paragraph 15A and a footnote are added:

15A An entity shall measure a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute¹.

- 10 Paragraph Aus44D is added:

Aus44D Paragraphs 5A, 12A and 15A were added and paragraph 8 was amended by this Standard which arose from AASB Interpretation 17 *Distributions of Non-cash Assets to Owners* in December 2008. Those amendments shall be applied prospectively to non-current assets (or disposal groups) that are classified as held for distribution to owners in annual periods beginning on or after 1 July 2009. Retrospective application is not permitted. Earlier application is permitted. If an entity applies the amendments for a period beginning before 1 July 2009 it shall disclose that fact and also apply AASB 3 *Business Combinations* (March 2008, as amended), AASB 127 (July 2004, as amended) and AASB Interpretation 17.

Amendments to AASB 110

- 11 Paragraph 13 is amended to read as follows:

If dividends are declared after the reporting period but before the financial statements are authorised for issue, the dividends are not recognised as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes in accordance with AASB 101 *Presentation of Financial Statements*.

¹ Costs to distribute are the incremental costs directly attributable to the distribution, excluding finance costs and income tax expense.

DELETED IFRS TEXT

Deleted IFRS text is not part of AASB 2008-X.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Deleted IFRS 5 text is not part of AASB 5.

Paragraph 44D

Paragraphs 5A, 12A and 15A were added and paragraph 8 was amended by IFRIC 17 *Distributions of Non-cash Assets to Owners* in November 2008. Those amendments shall be applied prospectively to non-current assets (or disposal groups) that are classified as held for distribution to owners in annual periods beginning on or after 1 July 2009. Retrospective application is not permitted. Earlier application is permitted. If an entity applies the amendments for a period beginning before 1 July 2009 it shall disclose that fact and also apply IFRS 3 *Business Combinations* (as revised in 2008), IAS 27 (as amended in May 2008) and IFRIC 17.