

# **Explanatory Statement**

**Accounting Standard AASB 2007-1**  
*Amendments to Australian*  
*Accounting Standards arising from*  
*AASB Interpretation 11*

**February 2007**



**Australian Government**

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**Australian Accounting  
Standards Board**

## **EXPLANATORY STATEMENT**

### **Reasons for Issuing AASB 2007-1**

The Standard makes amendments to Australian Accounting Standard AASB 2 *Share-based Payment*.

These amendments arise from the approval in February 2007 of AASB Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*, which is the Australian equivalent of International Financial Reporting Interpretations Committee (IFRIC) Interpretation 11.

### **Main Features of the Standard**

#### **Application Date**

This Standard is applicable to annual reporting periods beginning on or after 1 March 2007. Early adoption is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 March 2007. Early adoption is required for such a period if AASB Interpretation 11 *AASB 2 – Group and Treasury Share Transactions* is applied to the period.

#### **Main Requirements**

The amendments arise from the approval of AASB Interpretation 11. The transitional provisions in IFRIC Interpretation 11 state that that Interpretation would be applied retrospectively, subject to the transitional provisions of International Financial Reporting Standard IFRS 2 *Share-based Payment*. As AASB 2, the Australian equivalent of IFRS 2, does not include corresponding transitional provisions, this Standard amends AASB 2 to insert those provisions. This allows AASB Interpretation 11 to have the same transitional provisions as IFRIC Interpretation 11.

When the AASB issued AASB 2 in July 2004 in implementing the Financial Reporting Council's policy of adopting the Standards of the International Accounting Standards Board, the transitional provisions of IFRS 2 were not included because AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* set out the transition requirements. No application was foreseen for transitional provisions in AASB 2 itself.

### **Consultation Prior to Issuing this Standard**

Public consultation was part of the process undertaken by the Urgent Issues Group (a former committee of the AASB) in developing a submission on the

Draft Interpretation D17 *IFRS 2 – Group and Treasury Share Transactions*, which was issued by the IFRIC in 2005 for public comment. IFRIC Interpretation 11 was developed from this Draft Interpretation. The IFRIC process for developing the Interpretation on the basis of the Draft Interpretation was publicly reported over a long period, giving Australian entities the opportunity to contribute to the debate on the issues.

A Regulatory Impact Statement has not been prepared in connection with the issue of this Standard as the amendments made do not have a substantial direct or indirect impact on business or competition, are of a minor or machinery nature or clarify existing requirements.