

Basis for Conclusions on AASB 2012-8

This Basis for Conclusions accompanies, but is not part of, AASB 1049. The Basis for Conclusions was originally published with 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 (December 2012).

Background

- BC1 This Basis for Conclusions summarises the Australian Accounting Standards Board’s considerations in reaching the conclusions in the Standard, following consideration of comments received in response to Exposure Draft ED 227 *Proposed Amendments to AASB 1049 – Extension of Transitional Relief for the Adoption of Amendments to the ABS GFS Manual relating to Defence Weapons Platforms*, issued in October 2012. Individual Board members gave greater weight to some factors than to others.
- BC2 On 5 April 2011, the ABS published on its website, Chapter 2 *Amendments to Defence Weapons Platforms* of the ABS publication *Amendments to Australian Government Finance Statistics, 2005* (ABS Catalogue No. 5514.0). Due to the interrelationship between the ABS GFS Manual and AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, the effect of the ABS Chapter 2 Amendments would be to require assets that are the subject of Chapter 2 to be measured at fair value, where reliably measurable, in the financial statements prepared in accordance with AASB 1049 for reporting periods beginning on or after 1 July 2012.

Considerations in extending the transitional relief

- BC3 Prior to issuing ED 227, the Board considered a submission arguing that more time was needed to measure assets classified as defence weapons platforms at fair value, for the purposes of financial reporting under AASB 1049, due to the magnitude and complexity of the valuation exercise for such assets. Constituents familiar with the nature and quantity of the assets involved advised the Board that an extension of transitional relief for two years would be required to comply. The Board agreed that the extension is warranted, and considered that such an extension should be sufficient and therefore would not expect to provide further relief for such assets in the future.
- BC4 The Board also considered the existing disclosure requirements in paragraphs 39(a)(ii) and 39A of AASB 1049 and decided that, in principle, they would be adequate during the extended period in which the ABS Chapter 2 Amendments are not applied in financial statements prepared in accordance with AASB 1049. However, to address concern that there might be potential confusion as to whether the disclosure requirements of paragraphs 39(a)(ii) and 39A would apply to an entity that elects to adopt the extended transitional relief, the Board decided to clarify in paragraph 39(a)(ii) that such an entity is regarded as not having applied the latest version of the ABS GFS Manual.
- BC5 One Board member, Ian McPhee, abstained from voting on the issue of this Standard, which has the potential to significantly affect only the Australian Government, due to his role as the Auditor-General of that Government.