

Australian Accounting Standard

**AAS 27A**  
December 1999

# **Amendments to the Transitional Provisions in AAS 27**

Prepared by the  
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## CONTENTS

MAIN FEATURES OF THE STANDARD ... page 4

*Section and page number*

**1 Application ... 5**

**2 Operative Date ... 5**

**3 Amendments to AAS 27 ... 5**

**4 Definitions ... 7**

DEVELOPMENT OF THE STANDARD ... page 8

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| Standards are printed in <b>bold</b> type and commentary in light type. |
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## **MAIN FEATURES OF THE STANDARD**

The Standard amends the transitional provisions in Australian Accounting Standard AAS 27 “Financial Reporting by Local Governments”.

# AUSTRALIAN ACCOUNTING STANDARD

## AAS 27A “AMENDMENTS TO THE TRANSITIONAL PROVISIONS IN AAS 27”

### **1 Application**

- 1.1 This Standard applies to general purpose financial reports of each local government.**

### **2 Operative Date**

- 2.1 This Standard applies to reporting periods ending on or after 31 December 1999.**
- 2.2 This Standard may be applied to reporting periods ending before 31 December 1999.**

### **3 Amendments to AAS 27**

- 3.1 This Standard amends the transitional provisions in Australian Accounting Standard AAS 27 “Financial Reporting by Local Governments” issued in June 1996 as set out in paragraphs 3.2 to 3.4.1 of this Standard.**

- 3.1.1** Cross-references in AAS 27 issued in June 1996 to the transitional provisions in that Standard are effectively updated for the changes made to those transitional provisions by this Standard.

- 3.2 Paragraphs 108 to 114 are deleted.**

- 3.2.1** The key feature of these deleted paragraphs was a transitional provision allowing local governments to elect not to recognise certain assets (other than land under roads) that are difficult to measure reliably until the beginning of the first reporting period ending on or after 1 July 1996. Paragraphs 108 to 114 are deleted because their transitional period has lapsed.

- 3.3 Paragraphs 115 to 121 are replaced with the following paragraphs:**

*“Land under roads*

- 108 From the beginning of the reporting period to which this Standard is first applied, until the end of the first reporting period ending on or after 31 December 2002, transitional provisions shall apply. Under those provisions, local governments, while encouraged to apply the full provisions of this Standard, may elect instead not to recognise land under roads as an asset in the statement of financial position.**
- 109 During the transitional period, where a local government elects not to recognise land under roads as an asset in the statement of financial position, it shall disclose that policy in the summary of accounting policies.**
- 110 Where land under roads is first recognised in the statement of financial position, or its recognition is discontinued, during the transitional period specified in paragraph 108, the net amount of the resultant adjustments shall be adjusted against accumulated surplus/deficiency in the reporting periods in which the assets are first recognised or their recognition is discontinued. If, subsequently, the recognised amounts of land under roads are revised during the transitional period specified in paragraph 108 to reflect a reassessment of the factors used to determine those recognised amounts, the net amount of the resultant adjustments shall be adjusted against accumulated surplus/deficiency in the reporting periods in which the recognised amounts are revised.**
- 111 A number of local government practitioners and members of the valuation profession have expressed concerns that a reliable measure of a carrying amount for land under roads controlled by local governments can seldom be determined, because of the unique features of land under roads. Because of these concerns, which are unlikely to be resolved in the short term, this Standard provides transitional provisions for the recognition of land under roads as an asset. Land under roads is defined in paragraph 12.
- 112 The transitional provisions set out in paragraph 108 allow local governments to choose whether to recognise land

under roads as an asset during the transitional period. Their

purpose is to provide an adequate period within which interested parties can address whether and, if so, how concerns about reliable measurement of land under roads can be overcome.

113 Local governments are encouraged to recognise land under roads as an asset wherever it can be measured reliably (for example, where land under roads has been acquired at a cost of acquisition).”

3.3.1 The amendments to the paragraphs referred to in paragraph 3.3 of this Standard extend the transitional provisions for the recognition of land under roads until the end of the first reporting period ending on or after 31 December 2002. The superseded transitional provision in AAS 27 ran to the end of the first reporting period ending on or after 30 June 2000.

#### **3.4 Paragraphs 122 to 124 are deleted.**

3.4.1 These deleted paragraphs concerned transitional provisions allowing a local government to elect not to include certain controlled entities (those with reporting periods that differ from its reporting periods) in its general purpose financial reports until the beginning of the first reporting period ending on or after 1 July 1996. They are deleted because their transitional period has lapsed.

## **4 Definitions**

4.1 **The defined terms in Australian Accounting Standard AAS 27 “Financial Reporting by Local Governments” are applicable to this Standard.**



## **DEVELOPMENT OF THE STANDARD**

This section does not form part of the Standard. It is a summary of the development of the Standard and the reasons the Public Sector Accounting Standards Board (the Board) has issued the Standard.

The Standard amends Australian Accounting Standard AAS 27 “Financial Reporting by Local Governments” issued in June 1996.

These amendments to AAS 27 are the result of a review of the Standard’s transitional provisions prompted by the need to extend the transitional provisions for land under roads. A comprehensive review of AAS 27 as a part of the Board’s care and maintenance program for Accounting Standards will be undertaken in due course.

The transitional provisions in AAS 27 (issued in June 1996) permitting a local government to elect not to recognise land under roads as assets are extended because the Board’s project on land under roads is progressing more slowly than originally scheduled, and consequently, a reliable method of measuring land under roads is unlikely to be identified and accepted before those transitional provisions expire.

The other amendments to the transitional provisions are the withdrawal of the provisions that have lapsed due to the passage of time.