

Accounting Standard

AASB 1016A
October 1998

**Amendments to
Accounting Standard
AASB 1016**

Issued by the
Australian Accounting Standards Board

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Defined words appear in <i>italics</i> the first time they appear in a section. Standards are printed in bold type and commentary in light type.

MAIN FEATURES OF THE STANDARD

The Standard amends the operative date of Accounting Standard AASB 1016 “Accounting for Investments in Associates”.

ACCOUNTING STANDARD AASB 1016A

The Australian Accounting Standards Board makes Accounting Standard AASB 1016A “Amendments to Accounting Standard AASB 1016” under section 334 of the Corporations Law.

Dated 14 October 1998

K H Spencer
Director – AASB

ACCOUNTING STANDARD

AASB 1016A “AMENDMENTS TO ACCOUNTING STANDARD AASB 1016”

1 Application

1.1 This Standard applies to each *entity* which is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Law and which:

- (a) is a *reporting entity*; or
- (b) holds those financial reports out to be, or form part of, a *general purpose financial report*.

2 Operative Date

2.1 This Standard applies to *financial years ending on or after 30 June 1999*.

2.1.1 Notice of this Standard was published in the *Commonwealth of Australia Gazette* on 15 October 1998.

3 Amendments to AASB 1016

3.1 This Standard amends Accounting Standard AASB 1016 “Accounting for Investments in Associates”, which was made by the Australian Accounting Standards Board) on 24 August 1998 as follows:

(a) Delete paragraphs 2.1, 2.1.1 and 2.2 which read as follows:

“2.1 This Standard applies to *financial years* beginning on or after 1 July 1998.

2.1.1 The recognition and measurement requirements of this Standard apply to half-year financial reports for half-years beginning on or after 1 July 1998.

2.2 This Standard may be applied to financial years beginning before 1 July 1998 where an election has been made in accordance with subsection 334(5) of the Corporations Law.”; and

(b) Replace deleted paragraphs 2.1 and 2.2 with the following:

“2.1 This Standard applies to *financial years* ending on or after 30 June 1999.

2.2 This Standard may be applied to financial years ending before 30 June 1999 where an election has been made in accordance with subsection 334(5) of the Corporations Law.”

4 Definitions

4.1 In this Standard:

borrowing corporation is defined in the Corporations Law

capacity means ability or power, whether direct or indirect, and includes ability or power that is presently exercisable as a result of, by means of, in breach of, or by revocation of, any of or any combination of the following:

- (a) trusts
- (b) relevant agreements
- (c) practices,

whether or not enforceable

company is defined in the Corporations Law

economic entity means a group of *entities* comprising the *parent entity* and each of its *subsidiaries*

entity means any legal, administrative, or fiduciary arrangement, organisational structure or other party (including a person) having the *capacity* to deploy scarce resources in order to achieve objectives

financial year is defined in the Corporations Law

general purpose financial report means a financial report intended to meet the information needs common to users who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs

holding company is defined in the Corporations Law

listed corporation is defined in the Corporations Law

parent entity means an entity which controls another entity

reporting entity means an entity (including an *economic entity*) in respect of which it is reasonable to expect the existence of users dependent on *general purpose financial reports* for information which will be useful to them for making and evaluating decisions about the allocation of scarce resources, and includes but is not limited to the following:

- (a) a *listed corporation*
- (b) a *borrowing corporation*
- (c) a *company* which is not a subsidiary of a *holding company* incorporated in Australia and which is a subsidiary of a foreign company where that foreign company has its securities listed for quotation on a *stock market* or those securities are traded on a stock market

stock market is defined in the Corporations Law

subsidiary means an entity which is controlled by a parent entity.

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 Australian Accounting Standards Board (the Board) has issued the Standard.

This Standard amends Accounting Standard AASB 1016 “Accounting for Investments in Associates” made on 24 August 1998, the notice of which was published in the Commonwealth of Australia Gazette on 25 August 1998. The Board had implemented a policy of specifying operative dates of Standards in terms of financial years beginning on or after a specified date. This was done to clarify the application of Standards to interim reporting periods within financial years. Legal advice was subsequently received that Standards made by the Board under the Corporations Law as amended by the *Company Law Review Act 1998* must specify operative dates in terms of financial years ending on or after a specified date.