

Explanatory Statement

Accounting Standard AASB 2015-8 ***Amendments to Australian Accounting Standards – Effective*** ***Date of AASB 15***

October 2015



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Reasons for Issuing AASB 2015-8

AASB 2015-8 makes amendments to AASB 15 *Revenue from Contracts with Customers* to defer the mandatory effective date (application date). In September 2015, the International Accounting Standards Board issued International Financial Reporting Standard (IFRS) *Effective Date of IFRS 15*, which deferred the effective date of IFRS 15 *Revenue from Contracts with Customers* to annual reporting periods beginning on or after 1 January 2018, with earlier application permitted.

To ensure that general purpose financial statements prepared by for-profit entities in accordance with AASB Standards will also comply with IFRSs, the AASB replicated this amendment.

Main Features of AASB 2015-8

Main Requirements

AASB 2015-8 amends the mandatory application date of AASB 15 so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017.

Therefore, AASB 2015-8 also defers the consequential amendments that were originally set out in AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*. This deferral is achieved in a variety of ways because some of the Standards amended by AASB 2014-5 have been superseded by new principal versions issued in 2015 that apply to annual reporting periods beginning on or after 1 January 2017 or 2018.

AASB 2015-8 also amends Interpretation 1052 *Tax Consolidation Accounting* (paragraph 45) to update the cross-references to Standards and to remove the references to dividends and other distributions, so that the wording of this paragraph is appropriate for annual reporting periods beginning on or after 1 January 2018.

AASB 15 is also reformatted to follow the structure of the new principal versions of other Standards by deleting or moving the Aus-numbered 'Application' paragraphs in AASB 15.

Application Date

AASB 2015-8 applies to annual reporting periods beginning on or after 1 January 2017. Early application is permitted for annual reporting periods beginning before 1 January 2017, provided that AASB 15 is also applied.

Reduced Disclosure Requirements

The amendments to AASB 15 do not affect the reduced disclosure requirements presently set out in AASB 15.

Consultation Prior to Issuing this Standard

The Board issued Exposure Draft ED 263 *Effective Date of AASB 15 Revenue from Contracts with Customers* for comment in May 2015. The comment period closed on 19 June 2015.

The AASB received four comment letters in respect of the proposals in ED 263. After consideration of constituent comments, the Board decided to proceed with its proposals to make amendments to AASB 15, and issued AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*.

A Regulation Impact Statement (RIS) has not been prepared in connection with the issue of AASB 2015-8 as the amendments made do not have a substantial direct or indirect impact on business or competition, or are of a minor or machinery nature.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the
Human Rights (Parliamentary Scrutiny) Act 2011

Accounting Standard AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*

Overview of the Accounting Standard

AASB 2015-8 makes amendments to AASB 15 *Revenue from Contracts with Customers* to defer the mandatory application date.

In September 2015, the International Accounting Standards Board issued International Financial Reporting Standard (IFRS) *Effective Date of IFRS 15*, which deferred the effective date of IFRS 15 *Revenue from Contracts with Customers* to annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017, with earlier application permitted.

To ensure that general purpose financial statements prepared by for-profit entities in accordance with AASB Standards will also comply with IFRSs, the AASB replicated this amendment.

Therefore, AASB 2015-8 also defers the consequential amendments that were originally set out in AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*. This deferral is achieved in a variety of ways because some of the Standards amended by AASB 2014-5 have been superseded by new principal versions issued in 2015 that apply to annual reporting periods beginning on or after 1 January 2017 or 2018.

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AASB 15 is also reformatted to follow the structure of the new principal versions of other Standards by deleting or moving the Aus-numbered ‘Application’ paragraphs in AASB 15.

Human Rights Implications

This Standard is issued by the AASB in furtherance of the objective of facilitating the Australian economy. It does not diminish or limit any of the applicable human rights or freedoms, and thus does not raise any human rights issues.

Conclusion

This Standard is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.