

Explanatory Statement

Accounting Standard AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*

May 2016



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Standard Amended by AASB 2016-3

This Standard makes amendments to Accounting Standard AASB 15 *Revenue from Contracts with Customers*. These amendments arise from the issuance of International Financial Reporting Standard *Clarifications to IFRS 15 Revenue from Contracts with Customers* by the International Accounting Standards Board (IASB) in April 2016.

Power to Make Amendments

Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument. Accordingly, the AASB has the power to amend the Accounting Standards that are made by the AASB as legislative instruments under the *Corporations Act 2001*.

Main Features of AASB 2016-3

Main Requirements

This Standard amends AASB 15 *Revenue from Contracts with Customers* to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15.

Application Date

AASB 2016-3 applies to annual periods beginning on or after 1 January 2018. Earlier application is permitted.

References to Other AASB Standards

References in this Standard to the titles of other AASB Standards that are legislative instruments are to be construed as references to those other Standards as originally made and as amended from time to time and incorporate provisions of those Standards as in force from time to time.

Consultation Prior to Issuing this Standard

The AASB issued Exposure Draft ED 267 *Clarifications to AASB 15* in August 2015 for comment by 2 October 2015. ED 267 incorporated IASB Exposure Draft ED/2015/6 *Clarifications to IFRS 15*. Five submissions were received by the AASB in respect of the proposals in ED 267. There was general support from constituents for adopting the proposals, which would ensure that general purpose financial statements prepared by for-profit entities in accordance with AASB Standards would also comply with International Financial Reporting Standards. The AASB considered the comments it received in finalising AASB 2016-3.

A Regulation Impact Statement (RIS) has not been prepared in connection with the issue of AASB 2016-3 as the amendments made do not have a substantial direct or indirect impact on business or competition.

Statement of Compatibility with Human Rights

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

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Overview of the Accounting Standard

This Standard amends AASB 15 *Revenue from Contracts with Customers* to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to 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*.