

Explanatory Statement

Accounting Standard AASB 2017-5

Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

December 2017



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Standards Amended by AASB 2017-5

This Standard makes amendments to AASB 10 *Consolidated Financial Statements* (July 2015), AASB 128 *Investments in Associates and Joint Ventures* (August 2015) and the other Standards and Interpretation listed in paragraph 1 of the Standard.

These amendments relate to International Financial Reporting Standard *Effective Date of Amendments to IFRS 10 and IAS 28*, issued by the International Accounting Standards Board (IASB) in December 2015, as well as a range of editorial corrections.

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 2017-5

Main Requirements

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2022 instead of 1 January 2018.

The amendments in AASB 2014-10 originally applied to annual reporting periods beginning on or after 1 January 2016, but were later deferred by the IASB indefinitely. Due to legal implications, the AASB is unable to defer the amendments indefinitely, and instead deferred the amendments to apply to annual reporting periods beginning on or after 1 January 2018 through AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*. As the IASB's amendments continue to be deferred indefinitely, this Standard further defers the amendments to annual reporting periods beginning on or after 1 January 2022.

This Standard also makes various editorial corrections to Australian Accounting Standards.

Application Date

AASB 2017-5 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 268 *Effective Date of Amendments to AASB 10 and AASB 128* in August 2015 for comment by 9 September 2015. Four submissions were received by the AASB in respect of the proposals in ED 268. 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 2015-10.

Given AASB 2017-5 is required for the same reason as AASB 2015-10 (the indefinite deferral by the IASB of the amendments set out in AASB 2014-10 by the AASB), further specific consultation was not required. The AASB discussed the proposal to further defer the amendments in AASB 2014-10 during its public Board meeting in October 2017. No comments were received from constituents in response to the public agenda paper for that meeting. Similarly, no comments were received from constituents in response to the Ballot Draft of this Standard included in the public agenda papers for the December 2017 meeting of the Board.

A Regulation Impact Statement (RIS) has not been prepared in connection with the issue of AASB 2017-5 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 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

Overview of the Accounting Standard

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2022 instead of 1 January 2018.

The amendments in AASB 2014-10 originally applied to annual reporting periods beginning on or after 1 January 2016, but were later deferred by the IASB indefinitely. Due to legal implications, the AASB is unable to defer the amendments indefinitely, and instead deferred the amendments to apply to annual reporting periods beginning on or after 1 January 2018 through AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*. As the IASB's amendments continue to be deferred indefinitely, this Standard further defers the amendments to annual reporting periods beginning on or after 1 January 2022.

This Standard also makes various editorial corrections to Australian Accounting Standards.

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*.