

Explanatory Statement

Accounting Standard AASB 2020-9
Amendments to Australian Accounting Standards –
Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2)
and Other Amendments

December 2020



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Standards Amended by AASB 2020-9

This Standard makes amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (March 2020).

Marked-up Text

This Standard incorporates marked-up text to clearly identify some of the amendments to AASB 1060. Those amendments are incorporated using clean text into the compilations of those Standards when they are prepared, based on the legal commencement date of the amendments.

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 2020-9

Main Requirements

AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (September 2020) amended AASB 7 *Financial Instruments: Disclosures*, AASB 9 *Financial Instruments* and other Standards to assist entities in recognising the effects of interest rate benchmark reform in their financial statements.

AASB 2020-9 provides relief for entities reporting under the Tier 2 – Simplified Disclosures framework from disclosing the financial effects of their initial application of the amendments in AASB 2020-8 pursuant to AASB 1060 paragraph 106(b), being the equivalent paragraph to AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 28(f).

This Standard also makes various editorial corrections to AASB 1060.

Application Date

AASB 2020-9 applies to annual reporting periods beginning on or after 1 July 2021. 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.

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Consultation Prior to Issuing this Standard

The AASB issued Exposure Draft ED 304 *Interest Rate Benchmark Reform – Phase 2: Tier 2 Disclosures* in October 2020 for comment by 12 November 2020. No formal submissions were received by the AASB in respect of the proposals in ED 304. However, one stakeholder provided informal feedback generally agreeing with the proposed amendments, other than the proposal for differing disclosure outcomes for the two types of Tier 2 entities (i.e. disclosure requirements for entities reporting under Reduced Disclosure Requirements, but none for entities reporting under the Simplified Disclosures framework set out in AASB 1060). As noted in the Basis for Conclusions accompanying AASB 2020-9, the AASB reaffirmed its previous consideration of that outcome and decided to finalise the amendments as proposed.

A Regulation Impact Statement (RIS) has not been prepared in connection with the issue of AASB 2020-9 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

Accounting Standard AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*

Overview of the Accounting Standard

This Standard makes amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (March 2020).

AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (September 2020) amended AASB 7 *Financial Instruments: Disclosures*, AASB 9 *Financial Instruments* and other Standards to assist entities in recognising the effects of interest rate benchmark reform in their financial statements.

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This Standard also makes various editorial corrections to AASB 1060.

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*.