Explanatory Statement

Accounting Standard AASB 2021-7  
*Amendments to Australian Accounting Standards –   
Effective Date of Amendments to AASB 10 and AASB 128   
and Editorial Corrections*

**December 2021**



# EXPLANATORY STATEMENT

## Standards Amended by AASB 2021-7

This Standard makes amendments to AASB 10 *Consolidated Financial Statements* (July 2015) and AASB 128 *Investments in Associates and Joint Ventures* (August 2015) in relation 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.

This Standard also makes editorial corrections or amendments to the 37 Standards, Interpretations and other pronouncements listed in paragraph 2 of the Standard.

### Marked-up Text

This Standard incorporates marked-up text to clearly identify some of the amendments to the Standards, Interpretations and other pronouncements. All amendments are incorporated using clean text into the compilations of the pronouncements 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 2021-7

### Main Requirements

This Standard once again defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, as the continuing consequence of the IFRS Standard *Effective Date of Amendments to IFRS 10 and IAS 28*, issued by the International Accounting Standards Board (IASB) in December 2015. As a result, the amendments to AASB 10 and AASB 128 are required to be applied for annual periods beginning on or after 1 January 2025 instead of 1 January 2022.

The amendments in AASB 2014-10 originally were mandatorily applicable to annual reporting periods beginning on or after 1 January 2016, but were later deferred by the IASB indefinitely. Due to legal requirements, the AASB is unable to defer the amendments indefinitely, and instead deferred the amendments to apply to annual 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*. The amendments were then further deferred to apply to annual periods beginning on or after 1 January 2022 through AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*.

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 2025. Consistent with the IASB’s approach, the amendments can still be applied by an entity in advance of this new mandatory application date.

This Standard also makes editorial corrections to various Australian Accounting Standards, including Interpretations, and several other pronouncements. The corrections include corrections made by the IASB to IFRS Standards since December 2017.

### Application Date

This Standard applies to annual periods beginning on or after 1 January 2022, being the date from which the amendments to AASB 10 and AASB 128 were previously to apply mandatorily. Some of the editorial corrections apply to annual periods beginning on or after 1 January 2023 (instead of to periods beginning on or after 1 January 2022). Earlier application of this Standard 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 did not issue an exposure draft for the further deferral of the effective date of the amendments to AASB 10 and AASB 128 for public comment, since the circumstances had not changed since the previous deferral in 2017 – the IASB’s amendments continue to be deferred indefinitely but remain available for application by entities. Nevertheless, the intention to defer the effective date of the amendments again was set out in a public agenda paper for the November 2021 Board meeting. A few stakeholders had earlier supported the AASB continuing the deferral, and no adverse comments were received in response to that agenda paper.

In relation to the first deferral of the effective date of the amendments to AASB 10 and AASB 128 – in 2015 – the AASB had 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 stakeholders 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 had received and finalised the initial deferral to annual periods beginning on or after 1 January 2018 through the Standard AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*.

Given AASB 2017-5 was 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 stakeholders in response to the public agenda paper for that meeting. Similarly, no comments were received from stakeholders in response to the Ballot Draft of AASB 2017-5, which was included in the public agenda papers for the December 2017 meeting of the Board. AASB 2017-5 further deferred the amendments to AASB 10 and AASB 128 to annual periods beginning on or after 1 January 2022.

Consequently, the AASB decided that a specific consultation process was not required for the continued deferral of the amendments for periods beyond 1 January 2022. The AASB decided to defer the amendments to annual periods beginning on or after 1 January 2025, as had been proposed in the public agenda paper.

A Regulation Impact Statement (RIS) has not been prepared in connection with the issue of AASB 2021-7 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 2021-7 *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 once again defers the mandatory effective date (application date) of amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* 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*, as the continuing consequence of the IFRS Standard *Effective Date of Amendments to IFRS 10 and IAS 28*, issued by the International Accounting Standards Board (IASB) in December 2015. As a result, the amendments to AASB 10 and AASB 128 are required to be applied for annual periods beginning on or after 1 January 2025 instead of 1 January 2022.

The amendments in AASB 2014-10 originally were mandatorily applicable to annual reporting periods beginning on or after 1 January 2016, but were later deferred by the IASB indefinitely. Due to legal requirements, the AASB is unable to defer the amendments indefinitely. As the IASB’s amendments continue to be deferred indefinitely, this Standard further defers the amendments to annual periods beginning on or after 1 January 2025. Consistent with the IASB’s approach, the amendments can still be applied by an entity in advance of this new mandatory application date.

This Standard also makes editorial corrections to various Australian Accounting Standards, including Interpretations, and several other pronouncements. The corrections include corrections made by the IASB to IFRS Standards since December 2017.

### 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*.