

Explanatory Statement

Accounting Standard AASB 2022-7

***Editorial Corrections to Australian Accounting Standards and
Repeal of Superseded and Redundant Standards***

December 2022



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Standards Amended by AASB 2022-7

This Standard makes editorial corrections to the six Australian Accounting Standards listed in paragraph 1 of the Standard and to AASB Practice Statement 2 *Making Materiality Judgements*.

Standards Repealed by AASB 2022-7

This Standard also formally repeals 38 superseded principal versions of Australian Accounting Standards and 62 redundant amending Standards, as set out in Schedules 1 and 2 to the Standard.

Main Features of AASB 2022-7

Editorial Corrections

The corrections include corrections made by the International Accounting Standards Board (IASB) to IFRS Standards since June 2021 up to and including October 2022 that are also relevant to Australian Accounting Standards. The corrections also include AASB corrections for incomplete prior amendments and the removal of outdated monetary thresholds in describing charities registered with the Australian Charities and Not-for-profits Commission.

The correction to AASB 116 *Property, Plant and Equipment* completes the set of consequential amendments made through AASB 1058 *Income of Not-for-Profit Entities* when it was issued. Under AASB 1058, references throughout the Standards to not-for-profit entities acquiring assets at no cost or for a nominal cost were changed to refer to acquisition for consideration that is significantly less than fair value principally to enable the entity to further its objectives. This change was made in paragraph Aus15.1 of AASB 116 but was missed in relation to heritage and cultural assets in paragraph G1 of the Australian implementation guidance accompanying AASB 116, which also refers to paragraph Aus15.1.

The corrections to AASB 128 *Investments in Associates and Joint Ventures* complete the set of amendments made through AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*. AASB 2019-1 introduced AusCF paragraphs into various Standards to identify the Australian notion of a reporting entity as relevant only to certain types of entities. This change was missed in AASB 128 in relation to the application of the equity method of accounting by the ultimate Australian entity in a group.

Repeal of Standards

This Standard repeals (via Schedule 1) Australian Accounting Standards that have been superseded by either subsequent principal versions of the Standard or by other Standards without being formally repealed at the time. The superseding Standards are also identified in this Standard, in Column 2 of Schedule 1, as they determine when each superseded Standard ceased to apply.

The Standard also repeals (via Schedule 2) Standards that made amendments to other Standards, being amending Standards that have passed their Parliamentary disallowance period and their legal commencement date but have not been formally repealed. Amending Standards are redundant once their amendments are made to the other Standards on the legal commencement date.

Despite the repeals, the repealed Standards continue to apply to the reporting periods to which they applied previously. Accordingly, the repeals have no effect on which Standards apply to the preparation and presentation of financial statements for reporting periods.

As a result of the repeals, the repealed Standards cease to be classified as in-force legislative instruments on the Federal Register of Legislation. However, the repealed Standards will continue to be available on the Federal Register of Legislation, but classified as legislative instruments that are no longer in force. There will be no change to the availability of the repealed Standards on the AASB's website.

Application Date

The editorial corrections apply to annual reporting periods beginning on or after 1 January 2023. Earlier application of the corrections is permitted.

The repeals take effect upon the commencement of this Standard as a legislative instrument – 31 December 2022. An explicit application date in terms of reporting periods is not required for the repeals. Each repealed Standard has already been either superseded by another Standard or, in the case of amending Standards, made redundant by the passing of its Parliamentary disallowance period and its legal commencement date.

Marked-up Text

This Standard incorporates marked-up text to clearly identify some of the editorial corrections to the 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.

Consultation Prior to Issuing this Standard

The AASB did not issue a formal consultation document in relation to the editorial corrections or the repeal of superseded and redundant Standards. However, the Ballot Draft of AASB 2022-7 was published in the public agenda papers for the AASB's December 2022 public meeting. No comments were received from stakeholders in response to the Ballot Draft.

The editorial corrections are minor editorial matters that either have no significant effect on the application of the Standards or else are needed to complete sets of amendments that had been included in previous amending Standards following public consultation. The amendments to AASB 116 *Property, Plant and Equipment* and to AASB 128 *Investments in Associates and Joint Ventures* represent the completion of previous amendments to the Standards by rectifying the previous omissions, as described above.

The repeal of superseded and redundant Standards as legislative instruments is a common practice. The last such repeal process for Australian Accounting Standards occurred in 2014, under a government-wide repeal process – see *Spent and Redundant Instruments Repeal Regulation 2014 (No. 2)* [October 2014] – Schedule 3 Repeals of other redundant instruments – Part 14 Department of the Treasury – Items 1 to 8. That repeal regulation covered the amending Standards AASB 2013-2 to AASB 2013-9. The repeals made through those repeal processes were not subject to public consultation, given their legislative basis. This basis also applies to the current repeals.

A Regulation Impact Statement (RIS) has not been prepared in connection with the issue of AASB 2022-7 as the amendments made do not have a substantial direct or indirect impact on business or competition.

Legislative Features of Accounting Standards

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*.

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.

Copyright

This Standard, like all Accounting Standards promulgated by the AASB, is published with Commonwealth of Australia copyright. Educational, commercial and other publishers are able to request the AASB for permission to reprint all or parts of this Standard, which is given without charge.

Exemption from Sunsetting

Accounting Standards promulgated by the AASB that are legislative instruments are exempt from the sunsetting provisions of the *Legislation Act 2003* through section 12 of the *Legislation (Exemptions and Other Matters) Regulation 2015* (Item 18(a)).

The AASB's Standards incorporate Standards set by the International Accounting Standards Board in respect of publicly accountable for-profit entities. The AASB's Standards are exempt from sunsetting because a more stringent review process than sunsetting applies to the Standards. This review process ensures Australia's Accounting Standards regime remains consistent with international Standards. Typically, the AASB Standards are revised at least once within a ten-year period, with most of the Standards subject to much more frequent revisions. Each revision follows the stringent review process (which includes the opportunity for public comment) in order to remain consistent with international Standards. It is very unlikely that any AASB Standard would not have been amended (or else considered for amendment) within a ten-year period through these review processes. Therefore, if it applied, a ten-year sunsetting regime would have very limited practical application to AASB Standards. Parliamentary oversight is retained whenever a Standard is replaced or amended since the Standards are disallowable instruments and subject to the normal tabling and scrutiny process as required by the *Legislation Act 2003*.

Statement of Compatibility with Human Rights

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

Accounting Standard AASB 2022-7 ***Editorial Corrections to Australian Accounting Standards and*** ***Repeal of Superseded and Redundant Standards***

Overview of the Accounting Standard

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Marked-up Text

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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*.