

# **Explanatory Statement**

## **Accounting Standard AASB 2024-4** ***Amendments to Australian Accounting Standards –*** ***Effective Date of Amendments to AASB 10 and AASB 128***

**November 2024**



**Australian Government**

**Australian Accounting  
Standards Board**

# EXPLANATORY STATEMENT

## Standards Amended by AASB 2024-4

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

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.

## Main Features of AASB 2024-4

This Standard again defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2028 instead of 1 January 2025.

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 requirements, 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*. The amendments were 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* and then again to annual reporting periods beginning on or after 1 January 2025 through AASB 2021-7 *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 2028. Consistent with the IASB's approach, the amendments can still be applied by an entity in advance of this new mandatory application date.

## Application Date

This Standard applies to annual periods beginning on or after 1 January 2025, being the date from which the amendments to AASB 10 and AASB 128 were previously to apply mandatorily. Earlier application is permitted.

## Marked-up Text

This Standard incorporates marked-up text to clearly identify some of the amendments made to AASB 10 and AASB 128. 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 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 2021 – 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 2024 Board meeting. 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*.

The amendments were 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* and then again to annual reporting periods beginning on or after 1 January 2025 through AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*. In both of these cases, the AASB discussed the proposal to further defer the amendments in AASB 2014-10 during a public Board meeting, with no comments having been received from stakeholders in response to the Ballot Draft of the amending Standard that had been included in the public agenda papers prior to the meeting.

Consequently, the AASB decided that a specific consultation process was not required for the continued deferral of the amendments for periods beyond 1 January 2025. The AASB decided to defer the amendments to annual periods beginning on or after 1 January 2028, as had been proposed in the public agenda paper.

An Impact Analysis has not been prepared in connection with the issue of AASB 2024-4 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 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**

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### **Exemption from Sunsetting**

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

The AASB's Australian Accounting Standards incorporate Standards set by the International Accounting Standards Board in respect of publicly accountable for-profit entities. The AASB's Accounting Standards are exempt from sunseting because a more stringent review process than sunseting 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 sunseting 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 2024-4 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128***

### **Overview of the Accounting Standard**

This Standard 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* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2028 instead of 1 January 2025.

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 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 reporting periods beginning on or after 1 January 2028. Consistent with the IASB's approach, the amendments can still be applied by an entity in advance of this new mandatory application date.

### **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*.