Explanatory Statement

Reissuance of Australian Accounting Standards that incorporate International Financial Reporting Standards

August 2015

Australian Government

Australian Accounting Standards Board

EXPLANATORY STATEMENT

Reissuance of Australian Accounting Standards that incorporate International Financial Reporting Standards

Australian Accounting Standards that apply to annual periods beginning on or after 1 January 2005 incorporate International Financial Reporting Standards (IFRSs), which comprise both Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB). The adoption of IFRSs in Australia is in accordance with a strategic direction made by the Financial Reporting Council (FRC).

Most of the Australian Accounting Standards that incorporate IFRSs have been reissued by the Australian Accounting Standards Board (AASB) as new principal versions. The Standards reissued are listed in the Appendix. All of these Standards replace previous versions of the Standards and are the same in substance as those previous versions.

All of these Standards have been reissued to incorporate editorial corrections and minor clarifications. The editorial corrections and clarifications remove unnecessary punctuation and other editorial differences in comparison with the text of IFRSs, so that the incorporation of future IASB amendments into Australian Accounting Standards by the AASB (subject to the AASB's usual extensive due process) will be a much easier process in editorial terms.

The reissued Standards have a range of application (effective) dates, from annual periods beginning on or after 1 January 2016 to annual periods beginning on or after 1 January 2018. The application date is specified in each Standard. The application date for each Standard reflects the application date of the latest-applying amendments made to the previous version of the Standard.

Earlier application of any Standard is permitted for certain limited periods, as set out in each Standard, subject to any early application requirements specified in the Standard.

AASB 1057

In conjunction with the reissuance of those Standards, the AASB has also issued a new Standard, AASB 1057 *Application of Australian Accounting Standards*. Australian Accounting Standards (and Interpretations) are to be applied by:

(a) entities required by the *Corporations Act 2001* to prepare financial reports;

(b) governments in preparing financial statements for the whole of government and the General Government Sector (GGS); and/or

(c) entities in the private or public for-profit or not-for-profit sectors that are reporting entities or that prepare general purpose financial statements.

AASB 1057 lists (without change) the application paragraphs for each other Standard and Interpretation, grouped where they are the same. Accordingly, paragraphs 5 and 22 of AASB 1057 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible. The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.

At the same time, those application paragraphs have been removed from the Standards reissued by the AASB. This approach will facilitate any changes to the application of Standards to entities and to general purpose financial statements that the AASB might make in the future, as such changes would then require amendments to AASB 1057 rather than the individual Standards.

AASB 1057 applies to annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Consultation

Public consultation was carried out in developing the previous versions of the Standards, including amendments to them through amending Standards. Since all of the reissued Standards and AASB 1057 are the same in substance as the previous versions of the Standards, no specific consultation has been required in relation to the reissuance of the Standards and the issuance of AASB 1057.

A Regulation Impact Statement has not been prepared in connection with the issuance of these Standards as the amendments made 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

Reissuance of Australian Accounting Standards that incorporate International Financial Reporting Standards

Overview of the Accounting Standards

The reissued Accounting Standards replace previous versions of the Standards and are the same in substance as those previous versions. The reissued Standards are all Standards that incorporate the requirements of International Financial Reporting Standards (IFRSs). The Standards have been reissued to incorporate editorial corrections and clarifications to remove unnecessary punctuation and other editorial differences in comparison with the text of IFRSs, so that the incorporation of future IASB amendments into Australian Accounting Standards by the AASB (subject to the AASB's usual extensive due process) will be a much easier process in editorial terms.

The one new Standard, AASB 1057 *Application of Australian Accounting Standards*, lists the application paragraphs for each other Australian Accounting Standard (and Interpretation), grouped where they are the same, without changing the application of those pronouncements to entities or to general purpose financial statements. At the same time, those application paragraphs have been removed from the Standards reissued by the AASB. This approach will facilitate any changes to the application of Standards to entities and to general purpose financial statements that the AASB might make in the future, as such changes would then require amendments to AASB 1057 rather than the individual Standards.

Human rights implications

The Standards are issued by the AASB in furtherance of the objective of facilitating the Australian economy. They do not diminish or limit any of the applicable human rights or freedoms, and thus do not raise any human rights issues.

Conclusion

The Standards are 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*.

Appendix

Reissued Australian Accounting Standards that incorporate IFRSs

AASB 1 *First-time Adoption of Australian Accounting Standards*

AASB 2 *Share-based Payment*

AASB 3 *Business Combinations*

AASB 4 *Insurance Contracts*

AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*

AASB 6 *Exploration for and Evaluation of Mineral Resources*

AASB 7 *Financial Instruments: Disclosures*

AASB 8 *Operating Segments*

AASB 10 *Consolidated Financial Statements*

AASB 11 *Joint Arrangements*

AASB 12 *Disclosure of Interests in Other Entities*

AASB 13 *Fair Value Measurement*

AASB 101 *Presentation of Financial Statements*

AASB 102 *Inventories*

AASB 107 *Statement of Cash Flows*

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

AASB 110 *Events after the Reporting Period*

AASB 112 *Income Taxes*

AASB 116 *Property, Plant and Equipment*

AASB 117 *Leases*

AASB 119 *Employee Benefits*

AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*

AASB 121 *The Effects of Changes in Foreign Exchange Rates*

AASB 123 *Borrowing Costs*

AASB 124 *Related Party Disclosures*

AASB 127 *Separate Financial Statements*

AASB 128 *Investments in Associates and Joint Ventures*

AASB 129 *Financial Reporting in Hyperinflationary Economies*

AASB 132 *Financial Instruments: Presentation*

AASB 133 *Earnings per Share*

AASB 134 *Interim Financial Reporting*

AASB 136 *Impairment of Assets*

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*

AASB 138 *Intangible Assets*

AASB 139 *Financial Instruments: Recognition and Measurement*

AASB 140 *Investment Property*

AASB 141 *Agriculture*

Other Australian Accounting Standard issued

AASB 1057 *Application of Australian Accounting Standards*