

# **Explanatory Statement**

## **Accounting Standard AASB 1056** *Superannuation Entities*

**December 2023**



**Australian Government**

**Australian Accounting  
Standards Board**

# EXPLANATORY STATEMENT

## Main Features of AASB 1056

AASB 1056 *Superannuation Entities* requires the presentation of a comprehensive set of financial statements for superannuation entities, whether they constitute one or more superannuation plans and whether they have defined contribution members or defined benefit members, or both. The Standard also sets various recognition, measurement and disclosure requirements for assets, liabilities, revenue and expenses of particular relevance to superannuation entities, such as the liability for superannuation benefits accrued by members of the superannuation plan or plans.

The AASB first issued AASB 1056 in June 2014 as an Accounting Standard without reference to its authority to make Standards for the purposes of the *Corporations Act 2001*. This reflected that at the time superannuation entities were not required by the Corporations Act or other legislation to prepare financial statements or to lodge them with a regulator.

## Converting AASB 1056 to a Legislative Instrument

AASB 1056 is now reissued by the AASB as a legislative instrument under section 334 of the Corporations Act. This is in response to amendments to the Corporations Act that require registrable superannuation entities (RSEs) to prepare annual financial statements that comply with Australian Accounting Standards and lodge them on the public record with the Australian Securities and Investments Commission (ASIC). Since the requirements of this Standard differ in some respects from other Australian Accounting Standards, it is necessary for this Standard to also be a legislative instrument in order to take precedence over the other Standards as necessary.

In converting AASB 1056 into a legislative instrument, the AASB has not changed the requirements. However, some outdated requirements and accompanying material have been deleted in this version of AASB 1056:

- (a) the application paragraph identifying the entities and financial statements to which the Standard applies (paragraph 2) – the application of Standards is now set out in AASB 1057 *Application of Australian Accounting Standards*, including the application of AASB 1056 in respect of for-profit and not-for-profit superannuation entities;
- (b) the transitional provision (paragraph 37) that permitted an entity applying the Standard for the first time to not present a statement of financial position as at the beginning of the first comparative period – superannuation entities initially applying the reissued AASB 1056 would have prepared a statement of financial position under the original AASB 1056; and
- (c) the section addressing the main differences between AASB 1056 and the previous Standard AAS 25 *Financial Reporting by Superannuation Plans*, which was issued in 1993 – as AAS 25 ceased to apply when the original AASB 1056 became applicable to periods beginning on or after 1 July 2016, the comparison has no continuing relevance.

The AASB is also currently undertaking a post-implementation review of AASB 1056. That work will identify whether changes are required to the substantive requirements of the Standard.

## Application Date

The reissued Standard applies to annual periods beginning on or after 1 July 2023 that end on or after 31 December 2023. Earlier application is permitted.

This two-pronged application date reflects that the amendments to the Corporations Act apply to RSEs from 1 July 2023. Since the AASB was not in a position to make the replacement AASB 1056 prior to 1 July 2023, the “ending on or after 31 December 2023” part of the application date ensures that mandatory application of the Standard is required only for periods that have not been completed by the day when the AASB formally made the Standard (which was 18 December 2023). The Standard applies mandatorily to the regular 2023/24 financial year and later periods, as intended by the Corporations Act amendments.

## Consultation Prior to Issuing this Standard

Under its post-implementation review (PIR) process, the AASB carried out initial consultation with RSEs, audit firms, ASIC and the Australian Prudential Regulation Authority (APRA) to identify whether there were any major issues with the original AASB 1056. This phase of the PIR identified that RSEs typically were complying with AASB 1056 in preparing their annual financial reports, even in the absence of legislative requirements to do so.

The AASB issued a Fatal-Flaw Review Draft of the replacement Standard in May 2023 for a formal, four-week public comment period, with comments due by 15 June 2023. The draft Standard showed the proposed text changes from the original AASB 1056 with marking up.

No submissions were received. This was consistent with the AASB’s understanding based on the initial PIR outreach that there was a high level of compliance by RSEs with the original AASB 1056.

A Policy Impact Analysis has not been prepared in connection with the issue of the replacement version of AASB 1056 as the amendments made do not have a substantial direct or indirect impact on business or competition. The Office of Impact Analysis confirmed that remaking the existing, voluntary Standard AASB 1056 as an enforceable legislative instrument for the purposes of the Corporations Act would not result in a “more-than-minor change” in behaviour or impact for people, businesses or community organisations.

## 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 1056 *Superannuation Entities*

### Overview of the Accounting Standard

AASB 1056 *Superannuation Entities* requires the presentation of a comprehensive set of financial statements for superannuation entities, whether they constitute one or more superannuation plans and whether they have defined contribution members or defined benefit members, or both. The Standard also sets various recognition, measurement and disclosure requirements for assets, liabilities, revenue and expenses of particular relevance to superannuation entities, such as the liability for superannuation benefits accrued by members of the superannuation plan or plans.

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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*.