



Project:	Interpretation of Standards	Meeting:	November 2024 (M210)
Topic:	Ballot Draft of AASB 1048 <i>Interpretation of Standards for Board voting</i>	Date of this paper:	22 October 2024
		Agenda Item:	4.1
Contact(s):	Helena Simkova hsimkova@asb.gov.au Kim Carney kcarney@asb.gov.au Clark Anstis canstis@asb.gov.au	Project Priority:	Medium
		Decision-Making:	High
		Project Status:	Updating AASB 1048 as a consequence of issuing AASB 18

Objective of this paper

- 1 The objective of this paper is for the AASB to vote on a new principal version of AASB 1048, which is required due to AASB 18 *Presentation and Disclosure in Financial Statements* (Appendix D) amending various AASB Interpretations.

Background

- 2 In Australia, Australian Interpretations (AASB and Urgent Issues Group Interpretations) do not have the same legal status as Australian Accounting Standards. Interpretations are not legislative instruments.
- 3 In accordance with the *Legislation Act 2003*, one of the consequences of this is that simple references to an Australian Interpretation in a Standard can refer only to the Interpretation as it existed when the principal version of the Standard was made by the AASB. If the Interpretation is revised at a later date, Standards already on issue that refer to the Interpretation will continue to refer only to the version of the Interpretation that existed at the date the principal version of the Standard was made by the AASB.
- 4 The AASB uses a service Standard approach to clarify that all Australian Interpretations have the same authoritative status and also as a convenient way to update the references in the other Standards to later versions of Interpretations. This means that the service Standard AASB 1048 *Interpretation of Standards* lists all the versions of Australian Interpretations, and other Standards reference individual Interpretations “as identified in AASB 1048”. Amending AASB 1048 or else issuing a new principal version of AASB 1048 whenever Interpretations are amended or new Interpretations are issued gives legal effect to the updated/new Interpretation versions and also updates the references to Interpretations in the other Standards to the latest versions of the Interpretations, as necessary.
- 5 AASB 18 *Presentation and Disclosure in Financial Statements* included consequential amendments (in Appendix D) that amended most of the Interpretations for periods beginning on or after 1 January 2027. The amendments mainly relate to replacing the references to AASB 101 *Presentation of Financial Statements* with references to AASB 18 and to referring to the new title of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, which AASB 18 changed to *Basis of Preparation of Financial Statements*.

The proposed new version of AASB 1048

- 6 The ballot draft proposed to the Board for voting presents a new principal version of AASB 1048 that updates the lists of Interpretations and conceptual framework pronouncements.
- 7 The ballot draft of AASB 1048 is proposed with an application date of annual reporting periods ending on or after 31 December 2024. This results in the revised lists effectively having immediate application. The versions of Interpretations as amended by AASB 18 are shown as applicable for periods beginning on or after 1 January 2027. The proposed effective date of this new principal version of AASB 1048 does not change the mandatory application date of the Interpretation versions as amended by AASB 18.
- 8 The advantage in this case of immediate application is that it gives legal effect to the versions of Interpretations as amended by AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*, which are now included in the lists as well. Those amendments (and the amended versions of the Interpretations) apply to annual periods beginning on or after 1 January 2022. The amendments to Interpretations are all editorial corrections, which do not have any significant impact on the application of the Interpretations. However, since AASB 1048 is being updated for the versions of Interpretations as amended by AASB 18, then it is appropriate to also include the versions as amended by AASB 2021-7 in the lists of Interpretations.
- 9 In addition, versions of Interpretations and conceptual framework pronouncements that do not have any application to the periods covered by the proposed new AASB 1048 (i.e. periods ending on or after 31 December 2024) have been removed from the lists of pronouncements. These versions have been superseded by later versions of the pronouncements that apply to all periods covered by the proposed new AASB 1048 and there is no need to keep them in the lists of pronouncements in the proposed new version of AASB 1048. They continue to appear in the lists of pronouncements in the previous version(s) of AASB 1048 that apply to the periods to which the versions of the pronouncements apply.
- 10 Consistent with the approach adopted whenever AASB 1048 has been amended or replaced with a new principal version in the past, staff consider that a formal consultation process, such as an exposure draft, is unnecessary. The updating of AASB 1048 is required as a result of the legal consequences of Interpretations and conceptual framework pronouncements as “external documents” (i.e. non-legislative instruments), to give legal effect to new versions of Interpretations to maintain IFRS compliance under Australian Accounting Standards and to update references to conceptual framework pronouncements. The approach to updating AASB 1048 has been in place since March 2005 without adverse comment from stakeholders.

Staff recommendations and questions to the Board

- 11 Staff recommend that the Board votes to approve the ballot draft of the proposed new principal version of AASB 1048 *Interpretation of Standards*.

Questions for Board members

- Q1 Does the Board have questions or comments?
- Q2 Does the Board vote in favour of making Australian Accounting Standard AASB 1048 *Interpretation of Standards* as set out in the ballot draft (Agenda Paper 4.2)?