



Project:	Editorial Corrections and Repeals	Meeting	AASB December 2022 (M192)
Topic:	Ballot Draft of AASB 2022-C re Editorial Corrections and Repeal of Superseded and Redundant Standards	Agenda Item:	6.5
		Date of Agenda Paper:	28 November 2022
Contact(s):	Kimberley Carney kcarney@asb.gov.au Clark Anstis canstis@asb.gov.au (03) 9617-7616	Project Priority:	Low
		Decision-Making:	High
		Project Status:	Voting on ballot draft

Objective of this agenda item

- 1 To consider and vote on a ballot draft of an amending Standard to make a small number of editorial corrections to Standards and to repeal many superseded principal Standards and redundant amending Standards.

Attachments

- Agenda paper 6.6 Ballot draft of AASB 2022-C *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*.

Background and reasons for bringing this agenda item to the Board

- 2 Agenda paper 6.6 is the ballot draft of the proposed Standard that would make certain editorial corrections and also effect the repeal of Standards that are now either superseded or else redundant. It is ready for voting by Board members present at the Board meeting. It is not intended to discuss the proposed Standard in any detail at the Board meeting, but members may raise any matters in relation to the ballot draft as they see fit.

Editorial corrections

- 3 Editorial corrections are made by the IASB to its IFRS Accounting Standards and other pronouncements several times a year through formal correction documents that do not require any due process. To maintain consistent wording in corresponding Australian Accounting Standards, those amendments as required should also be made on an occasional basis to the Australian Accounting Standards. Editorial corrections to the AASB's own domestic requirements in the Standards are also sometimes necessary. Under section 10 of the *AASB Due Process Framework for Setting Standards* (September 2019), editorial corrections may be made by the AASB without further due process.
- 4 It is timely to make further editorial corrections, since some of them should be made so as to apply to reporting periods beginning on or after 1 January 2023. The most recent editorial corrections were made by the Board in *AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial*

Corrections in December 2021. That Standard incorporated IASB corrections made from December 2017 up to and including June 2021.

Repeals of Standards

- 5 When a Standard is repealed, the Standard ceases to be published on the Federal Register of Legislation as an “in force” legislative instrument. Instead, it is classified on the FRL as a legislative instrument that is no longer in force. As a result, the AASB is then no longer required to pay an annual page fee in respect of its continued publication on the FRL. (The Australian Treasury on-charges to the AASB the fees that it is required to pay annually to the Office of Parliamentary Counsel in respect of the AASB’s Standards published on the FRL. The AASB’s fees are too small for OPC to invoice the AASB directly, under the policy of the OPC.)
- 6 In November 2020, the Auditing and Assurance Standards Board made a legislative instrument – AUASB Repeal of Superseded Auditing Standards 2020 – that repealed 48 superseded principal Standards. The proposed amending Standard AASB 2022-C follows the same drafting approach in relation to repealing superseded principal Standards.

Superseded principal Standards

- 7 Since 2015, new Standards formally repeal the previous version (or another Standard) that it supersedes. For example, AASB 1 *First-time Adoption of Australian Accounting Standards* (July 2015) includes the following paragraph:

Aus40.2 This Standard repeals AASB 1 *First-time Adoption of Australian Accounting Standards* issued in May 2009. Despite the repeal, after the time this Standard starts to apply under section 334 of the Corporations Act (either generally or in relation to an individual entity), the repealed Standard continues to apply in relation to any period ending before that time as if the repeal had not occurred.

[Note: When this Standard applies under section 334 of the Corporations Act (either generally or in relation to an individual entity), it supersedes the application of the repealed Standard.]

- 8 The consequence of such a paragraph is that the identified Standard (AASB 1 of May 2009 in the example) is formally (legally) repealed. Repealed Standards continue to have the effect intended by the AASB when they were issued; the repeal does not negate that.

- 9 Prior to 2015, new Standards merely identified the Standards that they superseded using wording that does not amount to a legal repeal of the superseded Standards. For example, AASB 1 *First-time Adoption of Australian Accounting Standards* (May 2009) includes the following paragraph:

Aus1.5 When applied or operative, this Standard supersedes AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* issued in July 2004, as amended.

- 10 As a result, 38 principal versions of AASB Standards issued between 2004 and 2014 – and registered on the FRL – have not been formally repealed. All of the new 2015 versions of Australian Accounting Standards that incorporated IFRS Standards repealed only the immediately preceding principal versions. For example, as the above paragraphs show, AASB 1 (July 2015) repealed AASB 1 (May 2009) but not AASB 1 (July 2004).
- 11 Those unrepealed principal Standards continue to be published on the FRL as in-force legislative instruments, which is unnecessary given that most of them have been long superseded.

Redundant amending Standards

- 12 During 2013 and 2014, an Australian Government initiative resulted in the formal repeals of legislative instruments via regulations that were developed through each ministerial portfolio. However, this process was limited to amending Standards. The various regulations and their coverage were as follows:
- (a) Treasury (Spent and Redundant Instruments) Repeal Regulation 2013 [August]: Schedule 4 Repeal of other redundant instruments – Part 3 Instruments containing substantive matter – Items 1 to 83, which covered the amending Standards issued from 2004 to AASB 2012-7;
 - (b) Spent and Redundant Instruments Repeal Regulation 2014 [March]: Schedule 4 Repeal of other redundant instruments – Part 7 Department of the Treasury – Items 1 to 3, covering AASB 2012-9, 2012-10 and 2012-11; and
 - (c) Spent and Redundant Instruments Repeal Regulation 2014 (No. 2) [October]: Schedule 3 Repeals of other redundant instruments – Part 14 Department of the Treasury – Items 1 to 8, covering AASB 2013-2 to AASB 2013-9.
- 13 A number of amending Standards were not included in this process because they were not registered on the FRL, e.g. AASB 2012-8 and AASB 2013-1. Such amending Standards related only to public sector Standards, such as AASB 1049, which are not registered on the FRL. Repeal is not relevant to the non-FRL principal and amending Standards.
- 14 The government-wide repeal process was not continued after 2014. As a result, all of the amending Standards issued by the AASB from AASB 2014-1 onwards have not been formally repealed. The amending Standards registered on the FRL (which is nearly all of them) continue to be published on the FRL as in-force legislative instruments.
- 15 Amending Standards become redundant once the Parliamentary disallowance period and the legal commencement date of the Standard have both passed. The amendments take effect on the legal commencement date, and the amending Standard can then be repealed without revoking the amendments. Therefore, it is unnecessary for redundant amending Standards to continue to be unrepealed and published on the FRL as in-force legislative instruments.

The contents and effects of AASB 2022-C

Editorial corrections in AASB 2022-C

- 16 The proposed Standard AASB 2022-C addresses relevant IASB corrections made since June 2021 up to and including October 2022. It also addresses AASB corrections for oversight and other errors that have come to the staff's attention and can be addressed summarily.
- 17 The editorial corrections included in AASB 2022-C are as follows:

<i>Standard affected</i>	<i>Source of correction</i>	<i>Correction</i>
AASB 7	IASB	Replace the incorrect word “quality” with “qualify”
AASB 116	AASB	When AASB 1058 <i>Income of Not-for-Profit Entities</i> was issued, references to not-for-profit entities acquiring assets at

<i>Standard affected</i>	<i>Source of correction</i>	<i>Correction</i>
		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 para. Aus15.1 of AASB 116 but was missed in relation to heritage and cultural assets in para. G1 of the Australian implementation guidance accompanying AASB 116.
AASB 124	IASB	An adverb missing the ‘-ly’. Replace the incorrect word “significant” with “significantly”
AASB 128	AASB	When AASB 2019-1 <i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i> was issued, AusCF paragraphs were introduced 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.
AASB 134	IASB	Amendments to para. 5(e) were marked up incorrectly by the IASB in its amending Standard and incorporated into AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i> , which applies to periods beginning on or after 1-1-23.
AASB 1054	AASB	The table in implementation guidance para. IG2 refers to dollar amounts for the size thresholds for ACNC-registered charities, which are now out of date. The specific thresholds are deleted and only the small, medium and large category references are retained.
Practice Statement 2	IASB	The IASB elected to number the only diagram in the Practice Statement as Diagram 1.

Repeals of Standards in AASB 2022-C

Superseded principal Standards

- 18 The 38 superseded principal Standards to be repealed are set out in Schedule 1 in AASB 2022-C. The repeal and the saving of their operation is included in paragraphs 14 and 15 of the Standard. The wording is similar to that now used in Australian Accounting Standards to formally repeal superseded versions, as noted in respect of AASB 1 in paragraph 7 of this agenda paper. The wording is the same as in the AUASB’s repeal instrument.
- 19 Continuing with the example of AASB 1 in paragraphs 7–10 above, the first item in Schedule 1 is AASB 1 (July 2004) as the superseded Standard that is to be repealed.

AASB 1 (May 2009) is shown as the Standard that superseded it, for the purpose of identifying when the superseded Standard ceases to apply (per paragraph 15 in AASB 2022-C). AASB 1 (May 2009) is not included in Schedule 1 as a Standard to be repealed because it was formally repealed by AASB 1 (July 2015).

- 20 Identifying FRL numbers are included to assist OPC to reclassify the correct versions of the Standards (as in the AUASB's repeal instrument). With 38 principal Standards being repealed, the main listing of in-force principal AASB Standards on the FRL will reduce from 91 Standards to 53. That will make that listing much easier for anyone to use.

Redundant amending Standards

- 21 The list of 62 redundant amending Standards in Schedule 2 includes all amending Standards from AASB 2014-1 to AASB 2021-4, excluding those that are not registered on the FRL and also AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*, which has not yet reached its legal commencement date (31-12-22).
- 22 Most of the amending Standards from AASB 2021-5 have not yet reached their legal commencement date and so are not yet redundant. That was a convenient point at which to terminate the listing in Schedule 2.
- 23 The wording of paragraphs 16 and 17 of AASB 2022-C is drawn from the last of the government-wide repeal instruments, Spent and Redundant Instruments Repeal Regulation 2014 (No. 2). No doubt the lawyers pondered this wording for some time.
- 24 With 62 redundant amending Standards being repealed, the listing of in-force amending AASB Standards on the FRL will reduce to just 2021 and 2022 Standards.

Decision required

- 25 At this meeting, Board members will be asked to vote on making AASB 2022-C *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards* based on the Ballot Draft (including any revisions agreed by the members).
- 26 If Board members vote to make the proposed amending Standard, the content of the Standard will be finalised by replacing “AASB 2022-C” with the next Standard number in the sequence and the various dates formally inserted into the Standard as indicated. The Standard would then be registered on the Federal Register of Legislation and published on the AASB website.

Questions for Board members

- Q1 Do Board members have any questions or comments?
- Q2 Do Board members vote in favour of making AASB 2022-C *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*?