

AASB Standard

AASB 2015-3
January 2015

**Amendments to Australian
Accounting Standards
arising from the Withdrawal
of AASB 1031 *Materiality***



Australian Government

**Australian Accounting
Standards Board**

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Australian Accounting Standard AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031* Materiality is set out in paragraphs 1 –15 and the Appendix. All the paragraphs have equal authority.

PREFACE

Introduction

This Standard effects the withdrawal of AASB 1031 *Materiality* by amending AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to supersede AASB 1031 and deletes references to AASB 1031 in the Australian Accounting Standards listed in the Appendix to this Standard.

Main Requirements

As noted in the Preface to AASB 1031 *Materiality* (July 2004), at the time AASB 1031 was issued, the *Framework for the Preparation and Presentation of Financial Statements* contained limited guidance on materiality in comparison to AASB 1031. Accordingly, as part of the AASB's initial implementation of the Financial Reporting Council's policy of adopting the Standards of the IASB for application to reporting periods beginning on or after 1 January 2005, the AASB decided to retain AASB 1031, in a revised format, to ensure that the meaning of materiality remained well explained.

The AASB has a policy of not providing unnecessary local guidance on matters covered by IFRSs. As a consequence, the AASB decided to withdraw AASB 1031 – as was proposed in AASB Exposure Draft ED 243 *Withdrawal of AASB 1031 Materiality* (June 2013). Accordingly, in December 2013 the AASB re-issued AASB 1031 as an interim Standard that cross-references to other pronouncements that contain guidance on materiality. AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* and AASB 2014-1 *Amendments to Australian Accounting Standards* deleted certain references to AASB 1031 in a range of other Standards, as listed in those Standards.

This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

Application Date

This Standard is applicable to annual reporting periods beginning on or after 1 July 2015. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2014 but before 1 July 2015.

ACCOUNTING STANDARD AASB 2015-3

The Australian Accounting Standards Board makes Accounting Standard AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* under section 334 of the *Corporations Act 2001*.

Dated 28 January 2015

Kris Peach
Chair – AASB

ACCOUNTING STANDARD AASB 2015-3

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM THE WITHDRAWAL OF AASB 1031 MATERIALITY

Objective

- 1 The objective of this Standard is to effect the withdrawal of AASB 1031 *Materiality* and to delete references to AASB 1031 in the Australian Accounting Standards, as set out in paragraph 13 of this Standard.

Application

- 2 **Subject to paragraphs 3-7, this Standard applies to:**
 - (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**
 - (b) **general purpose financial statements of each other reporting entity; and**
 - (c) **financial statements that are, or are held out to be, general purpose financial statements.**
- 3 **In respect of AASB 107 and AASB 108, this Standard applies to:**
 - (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;**

- (b) **general purpose financial statements of each reporting entity; and**
 - (c) **financial statements that are, or are held out to be general purpose financial statements.**
- 4 In respect of AASB 133, this Standard applies to each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is:**
- (a) **a reporting entity whose ordinary shares or potential ordinary shares are publicly traded; or**
 - (b) **a reporting entity that is in the process of issuing ordinary shares or potential ordinary shares in public markets; or**
 - (c) **an entity that discloses earnings per share.**
- 5 In respect of AASB 1004, this Standard applies to:**
- (a) **each not-for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**
 - (b) **general purpose financial statements of each other not-for-profit entity that is a reporting entity;**
 - (c) **financial statements of not-for-profit entities that are, or are held out to be, general purpose financial statements; and**
 - (d) **financial statements of General Government Sectors (GGSs) prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.**
- 6 In respect of AASB 1039, this Standard applies to a concise financial report prepared by an entity in accordance with paragraph 314(2)(a) in Part 2M.3 of the Corporations Act.**
- 7 In respect of AASB 1053, this Standard applies to:**
- (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;**
 - (b) **general purpose financial statements of each reporting entity;**

- (c) financial statements that are, or are held out to be, general purpose financial statements; and
 - (d) financial statements of GGSs prepared in accordance with AASB 1049.
- 8 This Standard applies to annual reporting periods beginning on or after 1 July 2015.
- 9 This Standard may be applied to annual reporting periods beginning on or after 1 January 2014 but before 1 July 2015. When an entity applies this Standard to such an annual reporting period, it shall disclose that fact.
- 10 This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

Commencement

- 11 This Standard commences on the day this Standard is made by the Australian Accounting Standards Board.

Withdrawal of AASB 1031

- 12 Paragraphs Aus2.5 and Aus2.6 of AASB 108 are amended as follows (new text is underlined and deleted text is struck through):

Aus2.5 When applicable, this Standard supersedes:

- (a) *AASB 1001 Accounting Policies* as notified in the Commonwealth of Australia Gazette No S 130, 26 March 1999; ~~and~~
- (b) *AAS 6 Accounting Policies* as issued in March 1999; and
- (c) *AASB 1031 Materiality* as issued in December 2013.

Aus2.6 AASB 1001, ~~and~~ AAS 6 and AASB 1031 remain applicable until superseded by this Standard.

Deletion of References to AASB 1031

- 13 The statement in each Accounting Standard that the requirements of the Standard apply where information resulting from their application is material in accordance with AASB 1031 *Materiality* is deleted from the Australian Accounting Standard as listed in the table below:

Australian Accounting Standards	Paragraphs deleted
AASB 6	Aus2.4
AASB 10	Aus3.4
AASB 11	Aus2.4
AASB 12	Aus4.5
AASB 107	Aus1.4
AASB 110	Aus1.4
AASB 111	Aus1.4
AASB 117	Aus1.4
AASB 123	Aus1.4
AASB 127	Aus1.4
AASB 128	Aus1.4
AASB 129	Aus1.4
AASB 133	Aus1.4
AASB 141	Aus1.4
AASB 1004	9
AASB 1039	5
AASB 1053	6
AASB 1054	5

- 14 A note is added against the paragraph number of each paragraph deleted as specified in paragraph 13, as follows:

[Deleted by the AASB]

Amendment to AASB 1039

- 15 Paragraph 30 is amended as follows (deleted text is struck through):

30 The following items for the period shall be disclosed even if the amounts are zero (~~since these items are material by their nature~~):

(a) ...

APPENDIX

LIST OF AMENDED AUSTRALIAN ACCOUNTING STANDARDS

This appendix is an integral part of AASB 2015-3.

AASB 2015-3 makes amendments to:

AASB 6 Exploration for and Evaluation of Mineral Resources;

AASB 10 Consolidated Financial Statements;

AASB 11 Joint Arrangements;

AASB 12 Disclosure of Interests in Other Entities;

AASB 107 Statement of Cash Flows;

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

AASB 110 Events after the Reporting Period;

AASB 111 Construction Contracts;

AASB 117 Leases;

AASB 123 Borrowing Costs;

AASB 127 Separate Financial Statements;

AASB 128 Investments in Associates and Joint Ventures;

AASB 129 Financial Reporting in Hyperinflationary Economies;

AASB 133 Earnings per Share;

AASB 141 Agriculture;

AASB 1004 Contributions;

AASB 1039 Concise Financial Reports;

AASB 1053 Application of Tiers of Australian Accounting Standards; and

AASB 1054 Australian Additional Disclosures.

BASIS FOR CONCLUSIONS

Background

- BC1 This Basis for Conclusions summarises the Australian Accounting Standards Board's considerations in reaching the decision to ultimately withdraw AASB 1031 *Materiality* (December 2013) by amending AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Individual Board members gave greater weight to some factors than to others.
- BC2 In adopting International Financial Reporting Standards (IFRSs) in 2005, the AASB issued AASB 1031 (July 2004). At the time IFRSs were first incorporated into the Australian Accounting Standards (including Interpretations), the Board decided to retain a revised version of AASB 1031 to help ensure that the meaning of materiality remained well explained, as the *Framework for the Preparation and Presentation of Financial Statements* on issue at that time included only limited guidance on materiality in comparison to AASB 1031.
- BC3 In September 2010, the IASB issued a revised *Conceptual Framework on Financial Reporting (IASB Conceptual Framework)*. The revised IASB *Conceptual Framework* contains updated guidance on materiality in Chapter 3 *Qualitative Characteristics of Useful Financial Information*.
- BC4 At its February 2012 meeting, the Board considered whether AASB 1031 remained necessary in light of the guidance on materiality available in existing Accounting Standards and in the revised IASB *Conceptual Framework*.¹ The Board also considered whether retaining AASB 1031 was consistent with the AASB's strategies and policies, including the AASB's policy of not providing unnecessary local guidance on matters covered by IFRSs.
- BC5 In June 2013, Exposure Draft 243 *Withdrawal of AASB 1031 Materiality* was issued for comment. This Exposure Draft proposed to withdraw AASB 1031 and delete references to that Standard from Australian Accounting Standards, including Interpretations. Following the consultation period and after reviewing constituent comments, at its October 2013 meeting the Board decided to proceed with the withdrawal of AASB 1031. This decision is consistent with the Board's view that the principle-based guidance on materiality in

¹ An amended AASB *Framework for the Preparation and Presentation of Financial Statements*, incorporating Chapters 1 and 3 of the revised IASB *Conceptual Framework for Financial Reporting* was issued in December 2013.

Australian Accounting Standards (that incorporate IFRSs) and the IASB *Conceptual Framework* is adequate.

- BC6 In making its decision to ultimately withdraw AASB 1031, the Board noted that it would not expect the withdrawal to change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.