Explanatory Statement

Accounting Standard AASB 1048
Interpretation of Standards ([Month] 2026)

[Month] 2026

Australian Government
Australian Accounting Standards Board

EXPLANATORY STATEMENT

Reasons for issuing AASB 1048

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

AASB 1048 clarifies that all Australian Interpretations have the same authoritative status. Those that incorporate the IASB Interpretations are required to be applied to achieve compliance with IFRS Accounting Standards. Australian Interpretations issued by the AASB comprise both AASB and UIG Interpretations. UIG Interpretations were developed by the Urgent Issues Group, a former committee of the AASB.

AASB 1048 also updates references in other Standards to the *Conceptual Framework for Financial Reporting* and the *Framework for the Preparation and Presentation of Financial Statements* to subsequent versions.

Need for a service Standard

Australian Interpretations

In the Australian context, Australian Interpretations do not have the same legal status as Standards that are legislative instruments (delegated legislation) and are treated as 'external documents' by the *Acts Interpretation Act 1901* and the *Legislation Act 2003*. Although references in one Standard to a second Standard are ambulatory (automatically moving forward to refer to the most recently issued version of the second Standard, subject to application dates), references in a Standard to external documents are stationary (ie fixed in time to refer to the contents of the external document when the Standard was issued). A simple reference in a Standard to an Australian Interpretation can refer only to the Interpretation that existed when the Standard was issued. It cannot refer to any revised version of the Interpretation that may exist at a later reporting date. However, a Standard can refer to a second Standard and, when the first Standard is applied at a later reporting date, the reference will be to the then-current version of the second Standard, even if it has been reissued since the first Standard was issued.

The service Standard approach, as applied to Australian Interpretations, involves issuing (or amending) this Standard to list the versions of Australian Interpretations, and referring to this Standard in every other Standard where necessary to refer to an Interpretation. This enables references to the Interpretations in all other Standards to be updated by reissuing this service Standard.

This approach preserves the status of Australian Interpretations as 'external documents' referred to in a Standard. It does not treat the Interpretations as delegated legislation or confer ambulatory status on the reference. In each Standard where there is a need to refer to an Australian Interpretation, the reference will be to this Standard, phrased as "Interpretation [number] [title] as identified in AASB 1048" (or similar). This reference, being to another Standard, is ambulatory and will refer to the version of this Standard that is in force from time to time. AASB 1048 itself will contain the direct references to the external documents and will be reissued when required.

This approach to clarifying the status of Australian Interpretations ensures there is no difference between the status in the hierarchy accorded to Interpretations in IAS 8 *Basis of Preparation of Financial Statements* compared with AASB 108 *Basis of Preparation of Financial Statements*.

Australian conceptual framework

In the Australian context, an Australian conceptual framework pronouncement, such as the *Conceptual Framework for Financial Reporting*, also does not have the same legal status as a Standard that is a legislative instrument and, like Interpretations, is treated as an 'external document' by the *Acts Interpretation Act 1901* and the *Legislation Act 2003*.

The service Standard approach, as applied to Australian conceptual framework pronouncements, involves issuing (or amending) this Standard to update references to conceptual framework pronouncements in other Standards. This approach preserves the status of such pronouncements as 'external documents' referred to in a Standard. It does not treat the pronouncements as delegated legislation or confer ambulatory status on the reference.

Obtaining the Interpretations and Framework pronouncements

The Australian Interpretations and the conceptual framework pronouncements, as external documents, are available free of charge for printing or download on the AASB's digital standards portal (standards.aasb.gov.au).

The Australian Accounting Standards themselves are also available free of charge via the AASB website and portal.

Main Features of AASB 1048

AASB 1048 ([Month] 2026) supersedes and repeals the previous version of AASB 1048, issued in November 2024.

Application date

AASB 1048 is applicable to annual reporting periods beginning on or after 1 January 2027. Earlier adoption is permitted. This means that an entity may elect to apply an individual Interpretation prior to its mandatory application, subject to any early application requirements of the Interpretation.

Main requirements

AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are subject to the Standard. (See AASB 1057 *Application of Australian Accounting Standards*.)

In respect of the first group of Interpretations (listed in Table 1 of AASB 1048), it is necessary for those Australian Interpretations, where relevant, to be applied in order for an entity to be able to make an explicit and unreserved statement of compliance with IFRS Accounting Standards. The IASB defines IFRS Standards to include the IFRIC and the SIC Interpretations.

The second group (listed in Table 2 of AASB 1048) comprises the other Australian Interpretations, which do not correspond to the IASB Interpretations, to assist financial statement preparers and users to identify the other authoritative pronouncements necessary for compliance in the Australian context.

AASB 1048 (refer Tables 3 and AusCF3) also updates references to the *Conceptual Framework for Financial Reporting* and the *Framework for the Preparation and Presentation of Financial Statements* to subsequent versions.

AASB 1048 is reissued (or amended) when necessary to keep the tables of external documents (and the cross-references to the documents in other Standards) up to date.

Changes from AASB 1048 (November 2024)

AASB 1048 (issued in [Month] 2026) supersedes the previous version of AASB 1048, issued in November 2024.

The main differences between the previous version and this version include:

(a) the removal from the tables of versions of Interpretations that do not apply to any of the reporting periods to which this Standard mandatorily applies;

(b) the addition of amended versions of Interpretations in Tables 1 and 2, where applicable to any reporting period to which this Standard mandatorily applies. This reflects amended versions of Interpretations arising from the consequential amendments in Appendix D of AASB 20 *Regulatory Assets and Regulatory Liabilities* and amendments in AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*; and

(c) the addition of amended versions of the *Conceptual Framework for Financial Reporting* and the *Framework for the Preparation and Presentation of Financial Statements* in Tables 3 and AusCF3 as a result of the amendments set out in AASB 2026-2.

Consultation Prior to Issuing this Standard

Public consultation was carried out in developing the Standards that resulted in the amended versions of Interpretations that have been added to this version of AASB 1048. An Explanatory Statement accompanied each of those Standards and outlined the consultation carried out in relation to the Standard.

An Impact Analysis has not been prepared specifically in connection with the issue of AASB 1048 as the amendments reflected in the new principal version are of a minor or machinery nature and do not have material competition impacts or substantial impacts on 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 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 Australian Accounting Standards incorporate Standards set by the International Accounting Standards Board in respect of publicly accountable for-profit entities. The AASB's Accounting 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 1048 *Interpretation of Standards* ([Month] 2026)

Overview of the Accounting Standard

Australian Interpretations and conceptual framework pronouncements are 'external documents'. A simple reference to them in Australian Accounting Standards is therefore a stationary reference. AASB 1048 enables references to the Interpretations and conceptual framework pronouncements in other Standards to be updated by reissuing (or amending) AASB 1048 and its lists of the external documents, when those cross-references in other Standards refer to the external documents "as identified in AASB 1048".

AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are subject to the Standard. (See AASB 1057 *Application of Australian Accounting Standards*.)

In respect of the first group of Interpretations (listed in Table 1 of AASB 1048), it is necessary for those Australian Interpretations, where relevant, to be applied in order for an entity to be able to make an explicit and unreserved statement of compliance with IFRS Accounting Standards. The IASB defines IFRS Standards to include the IFRIC and the SIC Interpretations.

The second group (listed in Table 2 of AASB 1048) comprises the other Australian Interpretations, which do not correspond to the IASB Interpretations, to assist financial statement preparers and users to identify the other authoritative pronouncements necessary for compliance in the Australian context.

AASB 1048 (refer Tables 3 and AusCF3) also updates references to the *Conceptual Framework for Financial Reporting* and the *Framework for the Preparation and Presentation of Financial Statements* to subsequent versions.

AASB 1048 is reissued (or amended) when necessary to keep the tables of external documents (and the cross-references to the documents in other Standards) up to date.

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*.