

New Accounting Standards and Interpretations - 30 June 2020

Introduction

This document summarises the changes in Accounting Standards and Interpretations issued as at 30 April 2020 applicable for entities with a **30 June 2020 financial year end**. The document contains 2 parts:

Part A - This table lists all the new and amended Accounting Standards that are applicable for the first time.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* describes the disclosures required to be made in the financial statements when the initial application of a Standard has an effect on the current period or any prior period.

Part B - This table lists all the new and amended Accounting Standards that have been issued but are not yet mandatorily effective.

Entities may elect to early adopt these Standards (except where indicated). AASB 108 requires an entity to disclose the possible impact of new and amended Accounting Standards that have been issued but are not yet effective. Entities should disclose the full list of Standards and Interpretations issued but not yet effective and their impacts **unless that particular Standard or Interpretation is clearly not relevant for that type of entity**. For example, a for-profit private sector entity need not disclose those Standards relating to not-for-profit or public sector entities.

Entities that claim compliance with IFRS must also consider new or amended standards that have been issued by the IASB but for which an Australian equivalent has not yet been issued by the AASB. Such Standards are separately identified in Part B of this document.

This document does not list all the amendments that have been made to AASB 1053 *Application of Tiers of Australian Accounting Standards* (ie, the Reduced Disclosure Regime).

PART A – Current period changes to Accounting Standards

The following Standards and Interpretations will be applied for the first time by entities with financial years ending on or after **30 June 2020** (unless early adopted):

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>AASB 15 replaces AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>Consequential amendments to other Standards are made by AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>.</p> <p>Consequential amendments are also made by AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>, AASB 2018-4 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors</i> and AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>.</p>	1 January 2019 <i>(not-for-profit entities)</i>	30 June 2020 <i>(not-for-profit entities)</i>
AASB 2016-8	<p><i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i></p> <p>This Standard inserts Australian implementation guidance for not-for-profit entities into AASB 9 and AASB 15. The amendments to AASB 15 provide guidance in relation to: (a) identifying a contract with a customer; (b) identifying performance obligations; and (c) allocating the transaction price to performance obligations. The amendments to AASB 9 provide guidance on the initial measurement and recognition of non-contractual receivables arising from statutory requirements.</p>	1 January 2019	30 June 2020

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
AASB 1058	<p><i>Income of Not-for-Profit Entities</i></p> <p>This Standard establishes principles for not-for-profit entities that apply to: (a) transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; (b) the receipt of volunteer services; and (c) transfers made to enable an entity to acquire or construct a non-financial asset for its own use.</p>	1 January 2019	30 June 2020
AASB 2019-6	<p><i>Amendments to Australian Accounting Standards – Research Grants and Not-for-Profit Entities</i></p> <p>Amends AASB 15 and AASB 1058 to permit not-for-profit entities to apply those Standards to research grants for annual reporting periods beginning on or after 1 July 2019 instead of 1 January 2019.</p>	1 January 2019	31 December 2019
AASB 16	<p><i>Leases</i></p> <p>AASB 16 replaces AASB 117 <i>Leases</i> and sets out the principles for the recognition, measurement, presentation and disclosure of leases.</p> <p>AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.</p> <p>A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 <i>Statement of Cash Flows</i>.</p> <p>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 <i>Leases</i>. Accordingly, a lessor continues to classify its leases as operating leases or finance leases.</p>	1 January 2019	30 June 2020

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
AASB 2018-8	<p><i>Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities</i></p> <p>The Standard amends AASB 16 to introduce an option, applied on a class-by-class basis, for not-for-profit entities to measure right-of-use assets at initial recognition for leases with significantly below-market terms and conditions principally to enable the entity to further its objectives, either:</p> <ul style="list-style-type: none"> a) at cost, in accordance with AASB 16 paragraphs 23–25, which incorporates the amount of the initial measurement of the lease liability; or b) at fair value. 	1 January 2019	30 June 2020
AASB 2019-8	<p><i>Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases</i></p> <p>Amends AASB 16 to specify that right-of-use assets arising under concessionary leases for not-for-profit entity lessees can be treated as a separate class of right-of-use assets to those arising under other leases.</p>	1 January 2019	30 June 2020
AASB 2017-1	<p><i>Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments</i></p> <p>Clarifies that:</p> <ul style="list-style-type: none"> a) a change in classification to or from investment property can only be made where there is evidence of a change in use of the property. A change in management’s intention is, in isolation, not evidence of a change in use; and b) the election by a venture capital organisation, mutual fund, unit trust or similar entity to measure investments in an associate or joint venture at fair value through profit or loss is made separately for each associate or joint venture. 	1 January 2019 <i>(not-for-profit entities)</i>	30 June 2020 <i>(not-for-profit entities)</i>

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
AASB 2017-6	<p><i>Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation.</i></p> <p>This Standard amends AASB 9 to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature.</p>	1 January 2019	30 June 2020
AASB 2017-7	<p><i>Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures</i></p> <p>This Standard amends AASB 128 to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 <i>Financial Instruments</i> before applying the loss allocation and impairment requirements in AASB 128.</p>	1 January 2019	30 June 2020
AASB 2018-1	<p><i>Annual Improvements to IFRS Standards 2015 - 2017 Cycle</i></p> <p>The amendments clarify certain requirements in:</p> <ul style="list-style-type: none"> a) AASB 3 Business Combinations and AASB 11 Joint Arrangements - previously held interest in a joint operation; b) AASB 112 Income Taxes – relating to the income tax consequences of dividend payments; and c) AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation. 	1 January 2019	30 June 2020
AASB 2018-2	<p><i>Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement [AASB 119]</i></p> <p>The amendment specifies how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments require an entity to use the assumptions used for the remeasurement of the net defined benefit liability or asset to determine the current service cost and the net interest for the remainder of the reporting period after a plan event occurs.</p>	1 January 2019	30 June 2020

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
AASB 2019-4	<p><i>Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements</i></p> <p>Requires not-for-profit private sector entities that prepare special purpose financial statements to disclose information regarding whether or not the financial statements comply with recognition and measurement requirements in Australian Accounting Standards and whether or not its subsidiaries and investments in associates or joint ventures have been consolidated or equity accounted.</p>	FY ending on or after 30 June 2020	30 June 2020
Interpretation 23	<p><i>Uncertainty over Income Tax Treatments</i></p> <p>Interpretation 23 clarifies how to apply the recognition and measurement requirements in AASB 112 <i>Income Taxes</i> when there is uncertainty over income tax treatments.</p> <p>Consequential amendments are made by AASB 2017-4 to AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> as a result of Interpretation 23.</p>	1 January 2019	30 June 2020

PART B – Accounting Standards issued but not yet effective

The following Standards and Interpretations have been issued by the AASB but are not yet effective for the financial year ending 30 June 2020 (unless early adopted):

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
AASB 2018-6	<p><i>Amendments to Australian Accounting Standards – Definition of a Business</i></p> <p>The Standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:</p> <ol style="list-style-type: none"> clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; add guidance to help entities assess whether a substantive process has been acquired; narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. <p>Earlier application is permitted.</p>	1 January 2020	30 June 2021
AASB 2018-7	<p><i>Amendments to Australian Accounting Standards – Definition of Material</i></p> <p>The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and includes guidance relating to obscuring information that could be reasonably expected to influence decisions of the primary users of the financial information. The amendments include additional guidance to the definition of material, gives it more prominence, and clarifies the explanation accompanying the definition of material.</p> <p>Standard applies prospectively to annual reporting periods beginning on or after 1 January 2020.</p>	1 January 2020	30 June 2021
AASB 2019-1	<p><i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i></p> <p>This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the <i>Conceptual Framework for Financial Reporting</i> (Conceptual Framework) by the AASB.</p>	1 January 2020	30 June 2021

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
	<p>The amendments to the Conceptual Framework apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards; and other for-profit entities that voluntarily elect to apply the Conceptual Framework, which would permit compliance with Australian Accounting Standards (Tier 1) and International Financial Reporting Standards (IFRS Standards).</p>		
AASB 2019-3	<p><i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform</i></p> <p>The Standard amends AASB 7, AASB 9 and AASB 139 to modify some specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by the interest rate benchmark reform.</p>	1 January 2020	30 June 2021
AASB 2019-5	<p><i>Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia</i></p> <p>Amends AASB 1054 by adding a disclosure requirement of the potential effect of an IFRS Standard that has not yet been issued by the AASB in accordance with paragraphs 30 and 31 of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. This will ensure that for-profit publicly accountable entities complying with Australian Accounting Standards can claim compliance with IFRS Standards.</p>	1 January 2020	30 June 2021
AASB 2019-7	<p><i>Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations</i></p> <p>Amends AASB 1049 to provide optional relief, for the General Government Sector (GGS) financial statements and the whole of government financial statements (including the Public Non-Financial Corporations (PNFC) and Public Financial Corporations (PFC) sectors), from the disclosure of certain key fiscal aggregates measured in accordance with the ABS GFS Manual.</p>	1 January 2020	30 June 2021
AASB 1059	<p><i>Service Concession Arrangements – Grantors</i></p> <p>This Standard addresses the accounting by a public sector entity for arrangements that involve an operator providing public services related to a service concession asset on behalf of the public sector grantor for a specified period of time.</p> <p>It specifies the conditions under which the public sector grantor initially recognises and measures a service concession asset and corresponding liability as well as setting out the classification and subsequent measurement of those elements.</p>	1 January 2020	30 June 2021

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
	The mandatory application date of AASB 1059 has been deferred to annual reporting periods beginning on or after 1 January 2020 by AASB 2018-5.		
AASB 17	<p><i>Insurance Contracts</i></p> <p>AASB 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. AASB 17 replaces AASB 4, AASB 1023 and AASB 1038 for for-profit entities.</p> <p>NFP public sector entities are excluded from the scope of AASB 17 and continue to apply AASB 4, AASB 1023 and AASB 1038.</p>	1 January 2021	30 June 2022
AASB 2020-2	<p><i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i></p> <p>Requires that for-profit private sector entities: (i) preparing financial statements under Part 2M.3 of the <i>Corporations Act 2001</i>; (ii) required by legislation to prepare financial statements that comply with either Australian Accounting Standards (AAS) or accounting standards (AS); and where a constituting document or another document requires the preparation of financial statements that comply with AAS if the relevant document was created or amended in any way on or after 1 July 2021, will no longer be able to prepare Special Purpose Financial Statements (SPFS).</p>	1 July 2021	30 June 2022
AASB 1060	<p><i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i></p> <p>AASB 1060 replaces the current Reduced Disclosures Requirements framework (RDR). The Standard can be early adopted. Transitional relief from restating comparative information is available only if an entity chooses to apply the Standard before its mandatory application date.</p>	1 July 2021	30 June 2022
AASB 2014-10	<p><i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)</i></p> <p>Amends AASB 10 and AASB 128 to remove the inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	1 January 2022	30 June 2023

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
	The mandatory application date of AASB 2014-10 has been amended and deferred to annual reporting periods beginning on or after 1 January 2022 by AASB 2017-5.		
AASB 2020-1	<p><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i></p> <p>Amends AASB 101 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver, a breach of covenant, or settlement of the liability).</p>	1 January 2023	30 June 2024

New or amended Standards issued by the International Accounting Standards Board (IASB) but for which an Australian equivalent standard has not yet been issued by the AASB.

AASB 2019-5 amends AASB 1054 from 1 January 2020 to clarify that in order to claim compliance with IFRS under AASB 101.16 (for Tier 1 GPFR), an entity should identify and disclose the impacts of those new International Financial Reporting Standards that have been issued but are not yet effective for which there is not yet an Australian equivalent.

The following is a list of such pronouncements:

Key: ¹ Designates the beginning of the applicable annual reporting period unless otherwise stated.

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