Standards Issued Not Yet Effective

As at January 11, 2021

A reference document for Financial Reporters

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AASB 108 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

Paragraph 30 of AASB 108 requires entities to consider standards issued which are not yet effective and suggests entities consider disclosing the following information:

- the title of the new Australian Accounting Standard;
- the nature of the impending change or changes in accounting policy;
- the date by which application of the Australian Accounting Standard is required;
- the date as at which it plans to apply the Australian Accounting Standard initially; and either;
  - a discussion of the impact that initial application of the Australian Accounting Standard is expected to have on the entity's financial report or
  - if the impact is not known or reasonably estimable, a statement to that effect.

DOCUMENT STRUCTURE AND USE

This document provides a quick reference guide to Australian Accounting Standards which have been issued by the AASB or IASB but are not yet effective and therefore should be included in the standards issued not yet effective note.

- The document is sorted into subject areas and relevant standards affecting those areas are referenced within the Pronouncement section.
- The nature of the change in accounting policy for each pronouncement is outlined.
- An effective date for the standard is provided.

TIPS AND TRAPS

- Entities who prepare financial statements using the Reduced Disclosure Requirements (RDR) or the Simplified Disclosure Standard (AASB 1060) are EXEMPT from this disclosure.
- Entities that include an IFRS compliance statement in their financial statements will also need to monitor the standards issued by the IASB which have not yet been issued in Australia – *refer to the IFRS only section of this document if relevant standards have been issued.*
- Entities should **include only** those standards which are **relevant** to their organisation.
- The standards issued not yet effective disclosure should reflect standards issued up to the date of approval of the financial statements - this means that *this disclosure will need to be reviewed and potentially updated prior to the financial statements being signed*.
- This document refers to the amending standard name and number regardless of whether the standard has been compiled.
- Indicative impacts of the new/revised standard have been included as examples, but entities must review the standards to determine if there are specific implications based on their industry, typical transactions and balances.

Disclaimer: The indicative impact of the new / revised standard has been included as a general statement. Entities are responsible for reviewing the accounting standard to determine whether there are any specific implications based on their transactions and balances.

For further information on any of these standards, please contact
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AFRS Australian Financial Reporting Solutions

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This document is regularly updated and available via the CaseWare FAQ website at this link: https://support.caseware.com.au/portal/kb/articles/accounting-standards-issued-not-yet-effective

Disclaimer: The indicative impact of the new / revised standard has been included as a general statement. Entities are responsible for reviewing the accounting standard to determine whether there are any specific implications based on their transactions and balances.

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INSURANCE AND FINANCIAL INSTRUMENTS

PRONOUNCEMENT	AASB 17 *Insurance Contracts* AASB 2020-5 *Amendments to Australian Accounting Standards – Insurance Contracts [AASB 4 and AASB 17]*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This standard will change insurance accounting in Australia, the level of impact will vary depending on the type of insurance entity and the current systems in place. AASB 17 treats insurance products with similar risks in the same manner, regardless of whether they are labelled as ‘general’, ‘life’ or ‘health’ insurance. Some products offered by life insurance entities may now qualify for a simpler way of determining their insurance liabilities. AASB 17 requires an insurer to recognise profits as it delivers insurance services (rather than when it receives premiums) and to provide information about insurance contract profits the company expects to recognise in the future. Insurer will reflect the time value of money in expected payments to settle incurred claims and will measure their insurance contracts based only on the obligations created by these contracts. AASB 2020-5 amends AASB 17 to: a. reduce the costs of applying AASB 17 by simplifying some of its requirements; b. make an entity’s financial performance relating to insurance contracts easier to explain; and c. ease the transition to AASB 17 by deferring its effective date to annual periods beginning on or after 1 January 2023 instead of 1 January 2021 and by providing additional optional relief to reduce the complexity in applying AASB 17 for the first time. The amendments to AASB 4 permit eligible insurers to continue to apply AASB 139 *Financial Instruments: Recognition and Measurement* until they are required to apply AASB 9 *Financial Instruments* alongside AASB 17.
EFFECTIVE DATE	AASB 2020 – 5 has an effective date for annual reporting periods beginning on or after 1 January 2021 AASB 17 is now effective for annual reporting periods beginning on or after 1 January 2023.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	Potentially significant impact for certain entities issuing insurance contracts, although the major difference of requiring fair value measurement rather than historical costs was already in place in Australia. No impact for entities who do not issue insurance contracts.

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AUSTRALIAN FINANCIAL REPORTING SOLUTIONS

INTEREST RATE REFORM

PRONOUNCEMENT	AASB 2020 - 8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This standard amends AASB 4, AASB 7, AASB 9, AASB 16 and AASB 139 to help entities provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity: a. will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; b. will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and c. will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2021.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS ***(INDICATIVE WORDING ONLY)***	Unlikely to have impact for the majority of entities. Entities who are affected by the interest rate benchmark reforms should review the new requirements and consider the potential impact.

PRONOUNCEMENT	AASB 2020 - 9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This standard provides relief for entities using the Tier 2 Simplified Disclosure Standard (AASB 1060) from some of the disclosure requirements in AASB 2020-8. AASB 2020-9 also includes editorial amendments to AASB 1060.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 July 2021.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS ***(INDICATIVE WORDING ONLY)***	Unlikely to have impact for the majority of entities. Entities who are affected by the interest rate benchmark reforms who are preparing Tier 2 financial statements should review the standard to understand the relevant disclosure requirements.

Disclaimer: The indicative impact of the new / revised standard has been included as a general statement. Entities are responsible for reviewing the accounting standard to determine whether there are any specific implications based on their transactions and balances.

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COVID-19 RELATED RENT CONCESSIONS

PRONOUNCEMENT	AASB 2020 – 4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions* AASB 2020 -7 *Amendments to Australian Accounting Standards – COVID -19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This Standard amends AASB 16 to provide a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. AASB 2020-7 adds new disclosure requirements to AASB 1060 that: a. require entities reporting under the Tier 2 – Simplified Disclosures framework that have applied the practical expedient for COVID-19-related rent concessions in AASB 16 to make the same disclosures as required under AASB 16 paragraph 60A; b. exempt these entities from having to comply directly with AASB 16 paragraph 60A; and c. (c)provide relief for these entities from complying with AASB 1060 paragraph 106(b), being the equivalent paragraph to AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, paragraph 28(f).
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 June 2020. AASB 2020-7 is effective for annual reporting periods beginning on or after 1 July 2021.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS ***(INDICATIVE WORDING ONLY)***	Where entities as lessee have received a COVID-19 related rent concession which meets the conditions in AASB 2020-4 then where they elect to use the practical expedient they will save time and effort in the accounting for the concession. Early adoption strongly encouraged.

AUSTRALIAN FINANCIAL REPORTING FRAMEWORK

PRONOUNCEMENT	AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This Standard is a stand-alone disclosure standard to be applied by all entities reporting under Tier 2 of the Differential Reporting Framework in AASB 1053 which replaces the current Reduced Disclosure Requirements (RDR) framework.
EFFECTIVE DATE	Annual reporting period beginning on or after 1 July 2021.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS ***(INDICATIVE WORDING ONLY)***	No impact on reported financial position or performance. Changes to the disclosures in Tier 2 financial reports prepared by for-profits and not-for-profit entities – the level of change and impact on disclosures will vary depending on the current disclosures included in an entity's financial statements.

Disclaimer: The indicative impact of the new / revised standard has been included as a general statement. Entities are responsible for reviewing the accounting standard to determine whether there are any specific implications based on their transactions and balances.

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PRONOUNCEMENT	AASB 2020 -2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	No change to policy, this standard provides information about the for-profit entities who will be required to prepare general financial statements being: • For-profit private sector entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards (with the previous limitation to entities with public accountability removed); and • other for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2021.
EFFECTIVE DATE	Annual reporting period beginning on or after 1 July 2021.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS ***(INDICATIVE WORDING ONLY)***	Where entities who are required to prepare general purpose financial statements under AASB 2020 -2 were preparing special purpose financial statements and not complying with recognition and measurement, there may be changes in the reported financial position and financial performance. Otherwise if recognition and measurement is complied with then only change is likely to be disclosures. Depending on whether the standard is early adopted will affect whether comparatives will be changed.

Disclaimer: The indicative impact of the new / revised standard has been included as a general statement. Entities are responsible for reviewing the accounting standard to determine whether there are any specific implications based on their transactions and balances.

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AUSTRALIAN FINANCIAL REPORTING SOLUTIONS

CLASSIFICATION OF LIABILITIES

PRONOUNCEMENT	AASB 2020-1 *Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current* AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2023
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	Little impact expected but entities should consider the appropriate classification of liabilities as current or non-current.

SALE OR CONTRIBUTION OF ASSETS

PRONOUNCEMENT	AASB 2014 – 10 *Sale or contribution of Assets between an Investor and its Associate or Joint Venture* AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128* AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that 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. AASB 2015-10 defers the effective date of AASB 2014-10 to 1 January 2018 AASB 2017-5 defers the effective date of AASB 2014-10 to 1 January 2022.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2022
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS ***(INDICATIVE WORDING ONLY)***	This will only have impact for entities with associates or joint ventures where there has been a sale or contribution of assets between the entity and its investor.

ANNUAL IMPROVEMENTS 2018-2020

PRONOUNCEMENT	AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This Standard amends a number of standards as follows: • AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences; • AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; • AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; • AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; • AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and • AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2022
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	Little impact expected for most entity but entities should review the changes above to determine whether they are impacted by the narrow-scope amendments.

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