Standards Issued Not Yet Effective

As at May 5, 2022

A reference document for Financial Reporters

Author: Carmen Ridley
Principal, Australian Financial Reporting Solutions
AASB Board Member (2012 – 2020)

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AUSTRALIAN FINANCIAL
REPORTING SOLUTIONS

Standards Issued Not Yet Effective

Updated: 5 May 2022

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
Carmen Ridley, Principal, Australian Financial Reporting Solutions Pty Ltd
0438 029867 or cridley@afrs.com.au

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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]* AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information*
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. Eligible insurers are permitted to continue to apply AASB 139 *Financial Instruments: Recognition and Measurement* until they are required to apply AASB 9 *Financial Instruments* alongside AASB 17. AASB 2022-1 adds a transition option relating to comparative information about financial assets presented on initial application of AASB 17 and AASB 9 at the same time (classification overlay).
EFFECTIVE DATE	AASB 17 is 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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INTEREST RATE REFORM

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.

COVID-19 RELATED RENT CONCESSIONS

PRONOUNCEMENT	AASB 2020 -7 *Amendments to Australian Accounting Standards – COVID -19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]* AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	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. 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). AASB 2021-3 extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.
EFFECTIVE DATE	AASB 2020-7 is effective for annual reporting periods beginning on or after 1 July 2021. AASB 2021-3 is effective for annual reporting periods beginning on or after 1 April 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 above, the use of the practical expedient will save time and effort in the accounting for the concession. Early adoption strongly encouraged.

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

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.

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.

PRONOUNCEMENT	AASB 2021-1 *Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This Standard amends AASB 1060 to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements. This relief is available for not-for-profit entities transitioning from either Tier 1: Australian Accounting Standards or Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements to Tier 2: Australian Accounting Standards – Simplified Disclosures for a reporting period prior to the entity's mandatory application of AASB 1060

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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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. If a NFP who is currently preparing general purpose financial statements chooses to apply Tier 2 Australian Accounting Standards – Simplified Disclosures for a period prior to 30 June 2022 then there is an exemption from preparing comparatives disclosures for disclosures not previously presented.

PRONOUNCEMENT	AASB 2022-2 *Amendments to Australian Accounting Standards – Extending Transition Relief under AASB 1*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This Standard amends: a. AASB 1 – to allow: i. a subsidiary preparing general purpose financial statements for the first time to apply the optional exemption in paragraph D16(a) and measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements where the parent has already adopted either Australian Accounting Standards or International Financial Reporting Standards (IFRS Standards or IFRSs); and ii. an entity that becomes a first-time adopter of Australian Accounting Standards in its consolidated financial statements later than its subsidiary (or associate or joint venture) to use the amounts included in the subsidiary's (or associate's or joint venture's) separate financial statements where the subsidiary (or associate or joint venture) has already adopted either Australian Accounting Standards or IFRSs; and b. AASB 1053 – to allow for-profit private sector entities transitioning from unconsolidated Tier 2 – Reduced Disclosure Requirements general purpose financial statements to consolidated Tier 2 – Simplified Disclosures general purpose financial statements to apply AASB 1 when preparing consolidated financial statements for the first time.
EFFECTIVE DATE	Annual reporting period beginning on or after 1 July 2021.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS ***(INDICATIVE WORDING ONLY)***	If an entity is required to transition to general purpose financial statements and has previously been preparing unconsolidated RDR financial statements or has previously been consolidated into a parent entity which prepares IFRS or AASB compliant financial statements then the relief under this amending standard allows the entity to use AASB 1 as a transition option.

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.

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.

ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

PRONOUNCEMENT	AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2] AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*

NATURE OF THE CHANGE IN ACCOUNTING POLICY	AASB 2021-2 amends a number of standards as follows: • AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; • AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; • AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; • AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and • AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. AASB 2021-6 amends certain accounting standards to address the disclosure of material accounting policy information rather than significant accounting policies consistent with AASB 2021-2 as follows: • AASB 1049, to require entities to disclose their material accounting policy information rather than their significant accounting policies; • AASB 1054, to reflect the updated terminology used in AASB 101; and • AASB 1060, to require entities to disclose their material accounting policy information rather than their significant accounting policies and to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2023
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	No impact on reported financial performance or position. Reductions in quantum of accounting policies disclosures to focus on key decision areas and material policies only.

DEFERRED TAXES

PRONOUNCEMENT	AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 1 and AASB 112]*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This Standard amends AASB 112 to clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions. In addition, AASB 2021-5 amends AASB 1 to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to Australian Accounting Standards, despite the exemption set out in AASB 112.

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EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2023
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	Entities should consider their deferred tax treatment of transactions and ensure that deferred tax is being appropriately recognised – may result in recognition of deferred tax not previously recognised.

SALE OR CONTRIBUTION OF ASSETS

PRONOUNCEMENT	AASB 2014 – 10 *Sale or contribution of Assets between an Investor and its Associate or Joint Venture* AASB 2021-7 *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 2021-7 defers the effective date of AASB 2014-10 to 1 January 2025.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2025
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.