



Fact Sheet  
30 June 2019

## Changes to Accounting Standards Relevant to 2018-19 Financial Statements

### Audience

This **Changes to Accounting Standards** is intended to assist Chief Financial Officers (CFO) and CFO Units in all Commonwealth entities in the preparation of their 2018-19 financial statements.

### At a glance

This document provides compiled lists of changes to Australian Accounting Standards (AAS) and AAS Interpretations that are complete and issued up until 30 June 2019. Entities must consider any further AAS issued after this date up until the date their financial statements are signed (useful link: [AASB Latest News](#)).

- entities are required to determine the impact of each of these changes on their reporting and make appropriate disclosures in the 'Overview' note of their financial statements as per AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

- entities are only required to make individual disclosure of AAS that have had a material effect, or are expected to have a material impact, on the entity as per AASB 108. AAS with immaterial effect are not required to be disclosed but the entity must make a statement to this effect. A suggested format for the disclosures is in the 'Overview' note of Primary Reporting and Information Management Aid (PRIMA) Forms - *New Accounting Standards*.
- entities will need to demonstrate to the Australian National Audit Office (ANAO) that they have considered the impact of each of the AAS. The lists can be used as a starting point in this process.

For further information, please email Accounting and Frameworks Branch at [accountingpolicy@finance.gov.au](mailto:accountingpolicy@finance.gov.au).



## Changes to Accounting Standards

### *Changes applicable to the 2018-19 financial year*

Current pronouncements and changes to AAS relating to the 2018-19 financial year are shown at List A. Those that are not likely have a material financial impact or that do not apply to the operations of Commonwealth entities are marked with an “X” in List A.

All Commonwealth entities are reminded to assess the likely impact of new accounting standards. Finance encourages all Commonwealth entities to take into consideration how changes to AAS impact their particular circumstances and business operations.

### *Changes applicable to future reporting periods*

While not directly relevant for 2018-19 (outside of the disclosure requirements for the ‘Overview’), entities are advised that there are changes to AAS affecting future years (refer to List B below and Attachment A).

Tier 2 reporting entities will not be required to disclose in their entity financial statements the details of new AAS that have been issued but are not yet effective, as AASB108.30 provides a Reduced Disclosure Requirement (RDR) concession.

However, the impact of the standard will be required for Consolidated Financial Statements (CFS) purposes. Relevant guidance can be found in the Supplementary Reporting Pack that was issued together with EM 2019/15 CFS – *Supplementary Reporting Pack* on 14 May 2019.

AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income of Not-for-Profit Entities* are expected to significantly impact entities’ financial statements. Reporting entities are encouraged to review the reporting requirements and prepare for the transition to the new standards. During the transition:

- Early adoption is not permitted. Options for implementation of the new AAS are presented in Finance Position Papers (useful link: [Finance Position Papers](#));
- for AASB 15 – entities are to advise whether the transition to the new revenue standard is expected to have a material impact and provide the quantified impacts if available; and
- for AASB 16 – Tier 1 entities are to disclose the transitional options to be adopted for leases and the quantified impacts in their financial statements. Tier 2 entities will provide leases information through their SRP for inclusion in CFS totals. For additional information on the implementation of AASB 16, entities should refer to EM 2019/03 *Implementation of Australian Accounting Standard AASB 16 Leases – Data Collection* and EM 2019/16 *Implementation of Australian Accounting Standard AASB 16 Leases – Phase 2 – Refine of Data Collection*.

Most of the other reissued pronouncements and interpretations, with effective date after 1 January 2019, are regarded as unlikely to have an impact on public sector entities in list B.

It is recommended that entities obtain details of significant expected changes to simplify their analysis and to assist in preparing the ‘Future Australian Accounting Standard Requirements’ section within the ‘Overview’ note.

## List A: 2018-19 financial year

The following new/revised/amending standards and/or interpretations are applicable to the <b>2018-19 financial year</b> :		Likely impact? <sup>1</sup>	
		Yes	No
AASB 1	AASB 1 First-time Adoption of Australian Accounting Standards [for for-profit entities] - December 2017 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2	Share-based Payment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 4	Insurance Contracts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 5	Non-current Assets Held for Sale and Discontinued Operations	<input type="checkbox"/>	<input type="checkbox"/>
AASB 7	Financial Instruments: Disclosures	<input type="checkbox"/>	<input type="checkbox"/>
AASB 9	Financial Instruments	<input type="checkbox"/>	<input type="checkbox"/>
AASB 13	Fair Value Measurement	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 15	Revenue from Contracts with Customers [for for-profit entities]	<input type="checkbox"/>	<input type="checkbox"/>
AASB101	Presentation of Financial Statements	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB102	Inventories	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB108	Accounting Policies, Changes in Accounting Estimates and Errors	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB110	Events after the Reporting Period	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB111	(NFP) Construction Contracts [for not-for-profit entities] - December 2016 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB112	Income Taxes	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB116	Property, Plant and Equipment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB118	(NFP) Revenue [for not-for-profit entities] - December 2016 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB120	Accounting for Government Grants and Disclosure of Government Assistance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB121	The Effects of Changes in Foreign Exchange Rates - August 2015 (Principal)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB123	Borrowing Costs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB128	(FP) Investments in Associates and Joint Ventures [for for-profit entities] - December 2017 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB128	(NFP) Investments in Associates and Joint Ventures [for not-for-profit entities] - December 2017 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB132	Financial Instruments: Presentation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB133	Earnings per Share	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<sup>1</sup> Items marked as 'no' likely impact (i.e. an  in the 'No' column) are those items that the Department of Finance would regard as unlikely to have an impact on public sector entities. However, entities must consider how changes to standards impact on their business operations and take into consideration their particular circumstances. Please note the assessment of 'possible impact' is broader than the requirements of AASB 108.28-31 as it considers issues such as disclosure requirements and the capturing of financial information.

The following new/revised/amending standards and/or interpretations are applicable to the 2018-19 financial year:		Likely impact? <sup>1</sup>	
		Yes	No
AASB134	(FP) Interim Financial Reporting [for for-profit entities] - December 2017 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB136	Impairment of Assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB137	Provisions, Contingent Liabilities and Contingent Assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB138	Intangible Assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB140	Investment Property	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB1023	(FP) General Insurance Contracts [for for-profit entities] - December 2017 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp.2	Members' Shares in Co-operative Entities and Similar Instruments	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 10	Interim Financial Reporting and Impairment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 12	Service Concession Arrangements	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 13	[NFP] Customer Loyalty Programmes [for not-for-profit entities] - December 2016 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 15	[NFP] Agreements for the Construction of Real Estate [for not-for-profit entities] - December 2016 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 16	Hedges of a Net Investment in a Foreign Operation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 18	[NFP] Transfers of Assets from Customers [for not-for-profit entities] - December 2016 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 19	Extinguishing Financial Liabilities with Equity Instruments	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 22	Foreign Currency Transactions and Advance Consideration	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 107	Introduction of the Euro	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 131	[NFP] Revenue – Barter Transactions Involving Advertising Services [for not-for-profit entities] - December 2016 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 132	Intangible Assets—Web Site Costs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interp. 1042	[NFP] Subscriber Acquisition Costs in the Telecommunications Industry [for not-for-profit entities] - December 2016 (Compilation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## List B: Future reporting periods

The following new/revised/amending standards and/or interpretations are applicable to future reporting periods:		Operative date <sup>2</sup>	Likely impact? <sup>3</sup>	
			Yes	No
AASB 15	Revenue from Contracts with Customers [for not-for-profit entities]	1-Jan-19	<input type="checkbox"/>	<input type="checkbox"/>
AASB 16	Leases	1-Jan-19	<input type="checkbox"/>	<input type="checkbox"/>
AASB1058	Income of Not-for-Profit Entities	1-Jan-19	<input type="checkbox"/>	<input type="checkbox"/>
AASB 1059	Service Concession Arrangements: Grantors	1-Jan-19	<input type="checkbox"/>	<input type="checkbox"/>
AASB 2016-7	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1-Jan-19	<input type="checkbox"/>	<input type="checkbox"/>
AASB 2016-8	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1-Jan-19	<input type="checkbox"/>	<input type="checkbox"/>
AASB 2017-1 (NFP)	Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1-Jan-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2017-4	Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments	1-Jan-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2017-6	Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	1-Jan-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2017-7	Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	1-Jan-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2018-1	Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle	1-Jan-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2018-2	Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement	1-Jan-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2018-3	Amendments to Australian Accounting Standards – Reduced Disclosure Requirements	1-Jan-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2018-4	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors	1-Jan-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2018-8	Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities	1-Jan-19	<input type="checkbox"/>	<input type="checkbox"/>
AASB 17	Insurance Contracts	1-Jan-21	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<sup>2</sup> As per the AAS; this indicates the beginning (or end, if noted) of the first annual reporting period (calendar or financial) to which the version of the AAS applies. For instance, if an AAS has a calendar operative date of '1 Jan 20X1' as shown in List B, the application date for an entity with a 30 June year end (financial) would instead be '1 July' of that same year (i.e. 1 July 20X1).

<sup>3</sup> See the footnote to 'likely impact?' in List A. Also, items not marked as 'no' likely impact by Finance in List B are further analysed in Attachment A in terms of AASB 108's requirements.

## Possible impact for Australian Government reporting entities on Australian Accounting Standards (AAS) effective 2018-19 and future years

### Note:

- The table below provides guidance on the possible impact of AAS for Australian Government entities. However, it only considers those items in the Changes to Standards Relevant to 2018-19 Financial Statements that are not marked with an X (List A refers). Entities will also need to assess the impact of changes to AAS for their own individual circumstances for ALL standards/interpretations that are issued up until the date that the financial statements are signed.
- This list does not consider the work that is involved to transition to the new requirements but rather, the possible impacts on the financial statements (e.g. the recognition and measurement of items) as per AASB 108.31.
- The entity's expected initial application date is when the accounting standard becomes operative at the beginning of the entity's reporting period (e.g. an effective date of 1 January 20X1 applies to the period beginning 1 July 20X1 for 'financial year' reporting entities, and the period beginning 1 January 20X1 for 'calendar year' reporting entities).

POSSIBLE IMPACT		Minimal	Moderate	High	
Accounting Standards	Summary of changes			Effective date	Possible impact
AASB 7 <i>Financial Instruments: Disclosures</i>	<p>The principles in AASB 7 complement the principles for recognising, measuring and presenting financial assets and financial liabilities in AASB 132 <i>Financial Instruments: Presentation</i> and AASB 9 <i>Financial Instruments</i>.</p> <p>The standard requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the reporting period and at the end of the reporting period, and how the entity manages those risks.</p>			1 January 2018	Minimal



Accounting Standards	Summary of changes	Effective date	Possible impact
AASB 9 <i>Financial Instruments</i>	AASB 9 includes revised guidance on the classification and measurement of financial assets, including a new 'expected credit loss model' for calculating impairment, and supplements the new general hedge accounting requirements previously published.	1 January 2018	High
AASB 13 <i>Fair Value Measurement</i>	Reissued Australian Accounting Standards that incorporate IFRSs. Exception in paragraph 48 applies only to financial assets, financial liabilities and other contracts within the scope of AASB 9 <i>Financial Instruments</i> .	1 January 2018	Moderate
AASB 2016-6 <i>Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts</i>	AASB 2016-6 amends AASB 4 <i>Insurance Contracts</i> to permit issuers of insurance contracts to choose to apply the 'overlay approach' to calculate a single line item adjustment to profit and loss; and to choose to be temporarily exempt from AASB 9 when those issuers' activities are predominantly connected with insurance, provided they make additional disclosures to enable users to make comparisons with issuers applying AASB 9.	1 January 2018	Minimal
AASB 15 <i>Revenue from Contracts with Customers</i> AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i> AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	AASB 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time.  The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.	1 January 2018 [FP]  1 January 2019 [NFP]	High
AASB 16 <i>Leases</i>	AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. AASB 16 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.  AASB 16 requires enhanced disclosures for both lessees and lessors to improve information disclosed about an entity's exposure to leases.	1 January 2019	High





Accounting Standards	Summary of changes	Effective date	Possible impact
<p>AASB 1058 <i>Income of Not-for-Profit Entities</i></p> <p>AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i></p>	<p>AASB 1058 replaces the income recognition requirements relating to private sector not-for-profit (NFP) entities, as well as the majority of income recognition requirements relating to public sector NFP entities previously reflected in AASB 1004 Contributions.</p>	<p>1 January 2019</p>	<p>High</p>
<p>AASB 1059 <i>Service Concession Arrangements: Grantors</i></p>	<p>The Standard applies to arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services.</p>	<p>1 January 2019</p>	<p>Moderate</p>
<p>AASB 2018-8 <i>Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities</i></p>	<p>AASB 2018-8 makes amendments to AASB 1, AASB 16, AASB 117, AASB 1049 and AASB 1058. It provides a temporary option for not-for-profit entities to not measure a class or classes of right-of-use assets arising under concessionary leases at initial recognition at fair value, since further guidance is expected to be developed to assist not-for-profit entities in measuring right-of-use assets at fair value.</p>	<p>1 January 2019</p>	<p>Moderate to High</p>