

# Technical Accounting Alert

## TA 2022-04

### Accounting standards issued but not yet effective for 30 June 2022

#### INTRODUCTION

The objective of this Technical Accounting (TA) Alert is to:

- provide information regarding the Accounting Standards (and Interpretations) that have been issued with an effective date post 30 June 2022; and
- assist entities in meeting the disclosure requirements in paragraph 30 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

#### OVERVIEW

When the AASB issues a new or revised Standard (or an Interpretation)<sup>1</sup> with an effective date after the end of the reporting period, an entity<sup>2</sup> has a choice of either:



- early adoption of the Standards in accordance with section 334(5) of *Corporations Act 2001* (via a Director's minute – an example is included in this Alert) and disclosing this fact in the financial statements; or
- not adopting the Standard; in which case the entity must comply with paragraph 30 of AASB 108.

#### Requirements of paragraph 30 of AASB 108

30 When an entity has not applied a new Australian Accounting Standard that has been issued but is not yet effective, the entity shall disclose:

- a this fact; and
- b known or reasonably estimable information relevant to assessing the possible impact that application of the new Australian Accounting Standard will have on the entity's financial statements in the period of initial application.

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<sup>1</sup> Where an entity includes an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRSs) as required by paragraph 16 of AASB 101 *Presentation of Financial Statements*, the entity needs to consider Standards issued by the IASB but not yet issued by the AASB. This is likely to apply to all entities, except for those issuing special purpose financial statements and not-for-profit entities.

<sup>2</sup> The requirements of paragraph 30 of AASB 108 are mandatory for all entities preparing financial statements under Part 2M.3 of the *Corporations Act 2001* and for those preparing general purpose financial statements (excluding entities applying Australian Accounting Standards – Reduced Disclosure Requirements).

Furthermore, paragraph 31 of AASB 108 states that in complying with paragraph 30 an entity should consider disclosing:

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

### Standards and Interpretations with an effective date post 30 June 2022

The table following (pages 3 - 8) summarises all Accounting Standards (and Interpretations) that have been issued by the AASB and IASB as at **9 May 2022**. Any further Standards (and Interpretations) issued after this date will also need to be disclosed up until the date of authorisation of the financial report.

Although the table lists most of the Standards (and Interpretations) issued but not yet effective, entities should only disclose Standards (and Interpretations) that are relevant to them. For instance, a for-profit entity does not need to disclose the impact of a new Standard that only applies to entities in the not-for-profit sector.

In addition, it is important that the sample disclosure/indicative impact for each Standard and Interpretation is tailored to suit the particular circumstances of each entity. Entities should pay particular attention to this disclosure, considering [Globally consistent reporting for sustainability-related information](#) that the Australian Securities and Investments Commission (ASIC) has been expressing concerns over a number of years with entities providing 'boiler plate' disclosures.

### Entities applying Australian Accounting Standards – Simplified Disclosures (SD)

Tier 2 entities reporting under the Simplified Disclosure (SD) regime are not required to disclose Accounting Standards issued but not yet effective. Accordingly, none of the SD-related amendments have been included in the table. Given the relative significance of different standards not yet effective, entities may choose to make related disclosures. We encourage entities to consider disclosing such standards where the impact is potentially material.

### Early adoption of Standards

Where Standards or Interpretations are adopted early, the following Director's minutes may be used for Corporations Act entities<sup>3</sup>:

"In accordance with s334(5) of the *Corporations Act*, the Directors are early adopting the following Accounting Standards:

- AASB xxxx
- Interpretation yy"

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<sup>3</sup> Section 334(5) of *Corporations Act 2001* states that a company, registered scheme or disclosing entity may elect to apply the Accounting Standard to an earlier period unless the Standard says otherwise. The election must be made in writing by the Directors.

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date <small>(annual reporting periods beginning on or after)</small>	Likely impact on initial application
AASB 17 Insurance Contracts	AASB 4 <i>Insurance Contracts</i> AASB 1023 <i>General Insurance Contracts</i> AASB 1038 <i>Life Insurance Contracts</i>	<p>AASB 17 requires all insurance contracts to be accounted for in a consistent manner and requires insurance obligations to be accounted for using current values.</p> <p>The standard introduces insurance contract measurement principles requiring:</p> <ul style="list-style-type: none"> <li>• current, explicit and unbiased estimates of future cash flows</li> <li>• discount rates that reflect the characteristics of the contracts' cash flows</li> <li>• explicit adjustment for non-financial risk.</li> </ul> <p>Under AASB 17:</p> <ul style="list-style-type: none"> <li>• day one profits should be deferred as contractual service margin and allocated systematically to profit or loss as entities provide coverage and are released from risk</li> <li>• revenue is no longer equal to written premiums but to the change in the contract liability covered by consideration</li> <li>• a separate measurement model applies to reinsurance contracts held. Modifications are allowed for qualifying short-term contracts and participating contracts</li> </ul> <p>increased disclosure requirements apply.</p>	1 January 2023*  *The mandatory effective date of AASB 17 has been deferred to 1 January 2023 by AASB 2020-5.	<p><i>[If the entity has undertaken a detailed assessment and concluded that there will be no material impact.]</i></p> <p><i>When this standard is first adopted for the year ending 30 June 2024, there will be no material impact on the transactions and balances recognised in the financial statements.</i></p> <p><i>[If the entity has undertaken a detailed assessment and concluded that there will be material impact.]</i></p> <p><i>Based on the entity's assessment, it is expected that the first-time adoption of AASB 17 for the financial year ending 30 June 2024 will have a material impact on the transactions and balances recognised in the financial statements, in particular:</i></p> <ul style="list-style-type: none"> <li>• <i>(insert impact)</i></li> <li>• <i>(insert impact)</i></li> </ul> <p><i>[If the entity has not undertaken a detailed assessment but expects there will be no material impact based on a preliminary assessment.]</i></p> <p><i>The entity is yet to undertake a detailed assessment of the impact of AASB 17. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2024.</i></p> <p><i>[If the entity has not undertaken a detailed assessment but expects there will be material impact based on a preliminary assessment.]</i></p> <p><i>The entity is yet to undertake a detailed assessment of the impact of AASB 17. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2024 includes:</i></p> <ul style="list-style-type: none"> <li>• <i>(insert impact)</i></li> <li>• <i>(insert impact)</i></li> </ul> <p><i>[If the entity has not yet assessed the impact.]</i></p> <p>The entity has not yet assessed the full impact of this Standard.</p>

<p>AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</p>	<p>None</p>	<p>The amendments address a current inconsistency between AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>.</p> <p>The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 <i>Business Combinations</i>. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.</p> <p>This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128.</p>	<p>1 January 2022*</p> <p>*The mandatory effective date of AASB 2014-10 which was been deferred to 1 January 2022 by AASB 2017-5 has now been deferred to 1 January 2025 by AASB 2021-7c.</p>	<p><i>[If the entity has concluded that there will be no material impact.]</i></p> <p>When these amendments are first adopted for the year ending <b>30 June 2026</b>, there will be no material impact on the financial statements.</p>
<p>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current</p>	<p>None</p>	<p>AASB 2020-1 makes amendments to AASB 101 <i>Presentation of Financial Statements</i> to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.</p> <p>A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for the liability for at least 12 months after the reporting period. The AASB recently issued amendments at AASB 101 to clarify the requirements for classifying liabilities as current. Specifically:</p> <ul style="list-style-type: none"> <li>• clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period;</li> <li>• stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability;</li> <li>• adding guidance about lending conditions and how these can impact classification; and</li> </ul> <p>including requirements for liabilities that can be settled using an entity's own instruments.</p>	<p>1 January 2022*</p> <p>*The mandatory effective date of AASB 2020-1 has been deferred to 1 January 2023 by AASB 2020-6.</p>	<p><i>[If the entity has concluded that there will be no material impact.]</i></p> <p>When these amendments are first adopted for the year ending <b>30 June 2024</b>, there will be no material impact on the financial statements.</p> <p><i>[If the entity has concluded that there will be a material impact.]</i></p> <p>Based on the entity's assessment, it is expected that the first-time adoption of these amendments for the year ending <b>30 June 2024</b> will have a material impact on the financial statements, in particular:</p> <ul style="list-style-type: none"> <li>• (insert impact)</li> <li>• (insert impact)</li> </ul>

<p>AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts</p>	<p>None</p>	<p>AASB 2020-5 amends AASB 17 <i>Insurance Contracts</i> to:</p> <ul style="list-style-type: none"> <li>• reduce the costs of applying AASB 17 by simplifying some of its requirements;</li> <li>• make an entity’s financial performance relating to insurance contracts easier to explain; and</li> <li>• 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.</li> </ul> <p>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.</p>	<p>1 January 2021</p> <p>*The mandatory effective date of AASB 2020-5 has been deferred to 1 January 2023.</p>	<p><i>[If the entity has concluded that there will be no material impact.]</i> When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.</p> <p><i>[If the entity has concluded that there will be a material impact.]</i> Based on the entity’s assessment, it is expected that the first-time adoption of these amendments for the year ending 30 June 2024 will have a material impact on the financial statements, in particular:</p> <ul style="list-style-type: none"> <li>• (insert impact)</li> <li>• (insert impact)</li> </ul>
<p>AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</p>	<p>None</p>	<p>AASB 2021-2 amends the following Australian Accounting Standards:</p> <ul style="list-style-type: none"> <li>• AASB 7 <i>Financial Instruments: Disclosures</i> (August 2015);</li> <li>• AASB 101 <i>Presentation of Financial Statements</i> (July 2015);</li> <li>• AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> (August 2015); and</li> <li>• AASB 134 <i>Interim Financial Reporting</i> (August 2015).</li> </ul> <p>The Standard also makes amendments to AASB Practice Statement 2 Making Materiality Judgements (December 2017). These amendments arise from the issuance by the International Accounting Standards Board (IASB) in February 2021 of the following International Financial Reporting Standards:</p> <ul style="list-style-type: none"> <li>• Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and</li> <li>• Definition of Accounting Estimates (Amendments to IAS 8).</li> </ul>	<p>1 January 2023</p>	<p><i>[If the entity has concluded that there will be no material impact.]</i> When these amendments are first adopted for the year ending 30 June 2024 there will be no material impact on the financial statements.</p> <p><i>[If the entity has concluded that there will be a material impact.]</i> Based on the entity’s assessment, it is expected that the first-time adoption of these amendments for the year ending 30 June 2024 will have a material impact on the financial statements, in particular:</p> <ul style="list-style-type: none"> <li>• (insert impact)</li> <li>• (insert impact)</li> </ul>
<p>AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</p>	<p>None</p>	<p>AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.</p>	<p>1 January 2023</p>	<p><i>[If the entity has concluded that there will be no material impact.]</i> When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.</p> <p><i>[If the entity has concluded that there will be a material impact.]</i> Based on the entity’s assessment, it is expected that the first-time adoption of these amendments for the year ending 30 June 2024 will have a material impact on the financial statements, in particular:</p> <ul style="list-style-type: none"> <li>• (insert impact)</li> </ul>

<p>AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Accounting Standards</p>	<p>None</p>	<p>AASB 2021-6 amends the following Australian Accounting Standards:</p> <ul style="list-style-type: none"> <li>• AASB 1049 <i>Whole of Government and General Sector Financial Reporting</i>,</li> <li>• AASB 1054 <i>Australian Additional Disclosures</i>,</li> <li>• AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>.</li> </ul> <p>These amendments 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.</p> <p>The amendments reflect the issuance of AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (March 2021)</i>.</p>	<p>1 January 2023</p>	<ul style="list-style-type: none"> <li>• (insert impact)</li> </ul> <p><i>[If the entity has concluded that there will be no material impact.]</i></p> <p>When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.</p> <p><i>[If the entity has concluded that there will be a material impact.]</i></p> <p>Based on the entity's assessment, it is expected that the first-time adoption of these amendments for the year ending 30 June 2024 will have a material impact on the financial statements, in particular:</p> <ul style="list-style-type: none"> <li>• (insert impact)</li> <li>• (insert impact)</li> </ul>
<p>AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]</p>	<p>None</p>	<p>AASB 2021-7a makes editorial corrections to the following standards:</p> <ul style="list-style-type: none"> <li>• AASB 1 <i>First-time Adoption of Australian Accounting Standards</i></li> <li>• AASB 2 <i>Share-based Payment</i></li> <li>• AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i></li> <li>• AASB 7 <i>Financial Instruments: Disclosures</i></li> <li>• AASB 9 <i>Financial Instruments</i></li> <li>• AASB 14 <i>Regulatory Deferral Accounts</i></li> <li>• AASB 15 <i>Revenue from Contracts with Customers</i></li> <li>• AASB 16 <i>Leases</i></li> <li>• AASB 101 <i>Presentation of Financial Statements</i></li> <li>• AASB 102 <i>Inventories</i></li> <li>• AASB 116 <i>Property, Plant and Equipment</i></li> <li>• AASB 119 <i>Employee Benefits</i></li> <li>• AASB 127 <i>Separate Financial Reporting</i></li> <li>• AASB 128 <i>Investments in Associates and Joint Ventures</i></li> <li>• AASB 132 <i>Financial Instruments: Presentation</i></li> <li>• AASB 134 <i>Interim Financial Reporting</i></li> <li>• AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i></li> <li>• AASB 140 <i>Investment Property</i></li> <li>• AASB 1023 <i>General Insurance Contracts</i></li> <li>• AASB 1038 <i>Life Insurance Contracts</i></li> <li>• AASB 1039 <i>Concise Financial Reports</i></li> <li>• AASB 1052 <i>Disaggregated Disclosures</i></li> </ul>	<p>1 January 2022</p>	<p><i>[If the entity has concluded that there will be no material impact.]</i></p> <p>When these amendments are first adopted for the year ending 30 June 2023, there will be no material impact on the financial statements.</p> <p><i>[If the entity has concluded that there will be a material impact.]</i></p> <p>Based on the entity's assessment, it is expected that the first-time adoption of these amendments for the year ending 30 June 2023 will have a material impact on the financial statements, in particular:</p> <ul style="list-style-type: none"> <li>• (insert impact)</li> <li>• (insert impact)</li> </ul>

		<ul style="list-style-type: none"> <li>• AASB 1057 <i>Application of Australian Accounting Standards</i></li> <li>• AASB 1058 <i>Income of Not-for-Profit Entities</i></li> <li>• AASB 1059 <i>Service Concession Arrangements: Grantors</i></li> <li>• AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i></li> <li>• Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i></li> <li>• Interpretation 132 <i>Intangible Assets – Web Site Costs</i></li> <li>• Interpretation 1052 <i>Tax Consolidation Accounting</i></li> <li>• <i>Conceptual Framework for Financial Reporting</i></li> <li>• AASB Practice Statement 2 <i>Making Materiality Judgements</i></li> </ul> <p>The amendments reflect corrections made by the IASB to IFRS Standards since December 2017.</p>		
AASB 2021-7b: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [AASB 17 editorials]	None	AASB 2021-7b makes editorial corrections to AASB 17 <i>Insurance Contracts</i> .	1 January 2023	<p><i>[If the entity has concluded that there will be no material impact.]</i></p> <p>When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.</p> <p><i>[If the entity has concluded that there will be a material impact.]</i></p> <p>Based on the entity's assessment, it is expected that the first-time adoption of these amendments for the year ending 30 June 2024 will have a material impact on the financial statements, in particular:</p> <ul style="list-style-type: none"> <li>• (insert impact)</li> <li>• (insert impact)</li> </ul>
AASB 2022-1: Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information	None	AASB 2022-1 amends AASB 17 to add a transition option referred to as 'a classification overlay' relating to comparative information about financial assets presented on initial application of AASB 17 and AASB 9 <i>Financial Instruments</i> at the same time. The amendments relate to financial assets for which comparative information presented on initial application of AASB 17 and AASB 9 has not been restated for AASB 9. Applying the transition option would permit an entity to present comparative information about such a financial asset as if the classification and measurement requirements of AASB 9 had been applied to that financial asset.	1 January 2023	<p><i>[If the entity has concluded that there will be no material impact.]</i></p> <p>When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.</p> <p><i>[If the entity has concluded that there will be a material impact.]</i></p> <p>Based on the entity's assessment, it is expected that the first-time adoption of these amendments for the year ending 30 June 2024 will have a material impact on the financial statements, in particular:</p> <ul style="list-style-type: none"> <li>• (insert impact)</li> <li>• (insert impact)</li> </ul>
AASB 2022-3: Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15	None	AASB 2022-3 amends the Australian illustrative examples for not-for-profit entities accompanying AASB 15 <i>Revenue from Contracts with Customers</i> to illustrate how AASB 15 applies to the recognition and measurement of upfront fees. The amendments do not change the requirements of AASB 15.	1 July 2022	<p><i>[If the entity has concluded that there will be no material impact.]</i></p> <p>When these amendments are first adopted for the year ending 30 June 2023, there will be no material impact on the financial statements.</p>

		<p>The Basis for Conclusions also document the Board's decision to retain the accounting policy choice on an ongoing basis for NFP private sector lessees to elect to initially measure a class of ROU assets arising under concessionary leases at cost or at fair value.</p>	<p><i>[If the entity has concluded that there will be a material impact.]</i></p> <p><i>Based on the entity's assessment, it is expected that the first-time adoption of these amendments for the year ending 30 June 2023 will have a material impact on the financial statements, in particular:</i></p> <ul style="list-style-type: none"> <li>• <i>(insert impact)</i></li> <li>• <i>(insert impact)</i></li> </ul>
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## ACTION REQUIRED

With the 30 June 2022 reporting season commencing, entities should now take time to review and consider the impact of new and revised accounting standards that have been issued but are not yet effective. This is particularly important considering that ASIC is looking to scrutinise disclosures in this area.



## FURTHER INFORMATION

If you wish to discuss any of the information included in this Technical Accounting Alert, please get in touch with your local Grant Thornton Australia contact or a member of the Financial Reporting Advisory Team at [fra@au.gt.com](mailto:fra@au.gt.com).