

New Accounting Standards and Interpretations – 30 June 2023

Introduction

This document summarises the changes in Accounting Standards and Interpretations issued as at 31 May 2023 applicable for entities with a **30 June 2023 financial year end**. The document contains 3 parts:

Part A - This table lists all the new and amended Accounting Standards and Interpretations 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 the IFRS Interpretations Committee (IFRIC) Agenda Decisions issued during the current reporting period that clarify the interpretation and application of applicable IFRS Standards.

IFRIC Agenda Decisions contain explanatory material that explains how the applicable principles and requirements in IFRS Standards apply to the transaction or fact pattern described in the agenda decision. Agenda Decisions derive their authority from the IFRS Standards themselves and, therefore, an entity is required to apply an IFRS Standard in a way that reflects the explanatory material in an Agenda Decision. An entity should revise its current accounting practice in accordance with AASB 108 where that practice is inconsistent with the conclusions on an identical fact pattern in an Agenda Decision.

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

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 C of this document.

Entities may elect to early adopt all 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.

This document does not list all the amendments that have been made to *AASB 1053 Application of Tiers of Australian Accounting Standards* (i.e., Tier 2 Simplified Disclosure Standard).

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 2023** (unless early adopted):

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
AASB 2020-3	<p><i>Annual Improvements to IFRS Standards 2018–2020 and Other Amendments</i></p> <p>This Standard amends:</p> <ul style="list-style-type: none"> a) 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; b) AASB 3 to update references to the Conceptual Framework for Financial Reporting; c) AASB 9 to clarify when the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; d) 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; e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and f) the fair value measurement requirements in AASB 141 to align with those in other Australian Accounting Standards. 	1 January 2022	30 June 2023
AASB 2022-3	<p><i>Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15</i></p> <p>This Standard adds Illustrative Example 7A to the examples attached to AASB 15 to clarify the accounting for upfront fees for not-for-profit entities. The amendments do not change the requirements of AASB 15.</p>	1 July 2022	30 June 2023

PART B – IFRIC Agenda Decisions

The following Agenda Decisions, in which IFRIC formed a conclusion on the fact pattern presented, have been recently issued and should be applied where appropriate on a timely basis. The time to implement any accounting policy change as a result of an Agenda Decision will depend on how close the Agenda Decision is to an entity's reporting date, the facts and circumstances of the accounting policy change, and its nature and effect on the entity. Unless previously adopted, Agenda Decisions relevant to the current reporting period are:

Relevant Standard	Agenda Decision	Issue Date
IFRS 15 Revenue from Contracts with Customers	<p>Principal versus Agent: Software Reseller</p> <p>Matters to consider in determining whether, in applying IFRS 15, a reseller of software licences is a principal or agent.</p>	30 May 2022
IFRS 17 Insurance Contracts	<p>Transfer of Insurance Coverage under a Group of Annuity Contracts</p> <p>The Committee considered how an entity determines the amount of the contractual service margin to recognise in profit or loss in a period because of the transfer of insurance coverage for survival in that period.</p>	21 July 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	<p>Negative Low Emission Vehicle Credits</p> <p>Whether particular measures to encourage reductions in vehicle carbon emissions give rise to obligations that meet the definition of a liability in IAS 37.</p>	21 July 2022
IFRS 16 and IFRS 9	<p>Lessor Forgiveness of Lease Payments in an operating lease</p> <p>The Committee determined that a lessor accounts for the rent concession by applying:</p> <ul style="list-style-type: none"> i) the derecognition requirements in IFRS 9 to forgiven lease payments that the lessor has recognised as an operating lease receivable; and ii) the lease modification requirements in IFRS 16 to forgiven lease payments that the lessor has not recognised as an operating lease receivable. 	24 October 2022

Relevant Standard	Agenda Decision	Issue Date
IFRS 17	<p>Multi-currency Groups of Insurance Contracts</p> <p>The Committee observed that an entity:</p> <ul style="list-style-type: none"> i) applies all the measurement requirements in IFRS 17 to the group of insurance contracts, including the requirement to treat the group — including the contractual service margin — as a monetary item; and ii) applies IAS 21 to translate at the end of the reporting period the carrying amount of the group — including the contractual service margin — into the entity’s functional currency at the closing rate. 	24 October 2022
	<p>Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition</p> <p>The Committee observed that, among other things, the entity applies:</p> <ul style="list-style-type: none"> i) IFRS 2 in accounting for instruments issued to acquire the stock exchange listing service; and ii) IAS 32 in accounting for instruments issued to acquire cash and assume any liability related to the SPAC warrants — these instruments were not issued to acquire goods or services and are not in the scope of IFRS 2. 	24 October 2022
IFRS 16	<p>Definition of a Lease—Substitution Rights</p> <p>The Committee considered:</p> <ul style="list-style-type: none"> i) the level at which to evaluate whether a contract contains a lease – by considering each asset separately or all assets together – when the contract is for the use of more than one similar asset; and ii) how to assess whether a contract contains a lease when the supplier has particular substitution rights – ie, the supplier: <ul style="list-style-type: none"> a. has the practical ability to substitute alternative assets throughout the period of use; but b. would not benefit economically from the exercise of its right to substitute the asset throughout the period of use. 	27 April 2023

PART C – 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 2023 (unless early adopted):

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
AASB 17	<p><i>Insurance Contracts</i></p> <p>AASB 17 <i>Insurance Contracts</i> 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. NFP public sector entities are excluded from the scope of AASB 17 and continue to apply AASB 4, AASB 1023 and AASB 1038.</p> <p>AASB 2020-5 deferred the application date of AASB 17 to annual periods beginning on or after 1 January 2023 and made other amendments to AASB 17.</p> <p>Amendments are also made by AASB 2022-1 to add a transition option referred to as 'a classification overlay' relating to comparative information about financial assets if an entity first applies AASB 17 and AASB 9 <i>Financial Instruments</i> at the same time.</p>	1 January 2023	30 June 2024
AASB 2021-2	<p><i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i></p> <p>This Standard amends:</p> <ol style="list-style-type: none"> 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. <p>Additional conforming amendments to AASB 1049, AASB 1054, and AASB 1060 were made by AASB 2021-6.</p>	1 January 2023	30 June 2024

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
AASB 2021-5	<p><i>Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i></p> <p>The amendment narrowed the scope of the recognition exemption in paragraphs 15 and 24 of AASB 112 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendment applies to transactions that occur on or after the beginning of the earliest comparative period presented.</p>	1 January 2023	30 June 2024
AASB 2022-7	<p><i>Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards</i></p> <p>This Standard repeals various Australian Accounting Standards superseded by another Standard or otherwise made redundant.</p> <p>This Standard has no effect on in-force Accounting Standards.</p>	1 January 2023	30 June 2024
AASB 2020-1 and AASB 2022-6	<p><i>Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants</i></p> <p>The amendments to AASB 101 specify that conditions (covenants) to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, an entity discloses information about these conditions in the notes to the financial statements.</p> <p>Where AASB 2022-6 is adopted before its mandatory application date, AASB 2020-1 must also be applied at the same date.</p>	1 January 2024	30 June 2025
AASB 2022-5	<p><i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i></p> <p>The Standard amends AASB 16 <i>Leases</i> to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 <i>Revenue from Contracts with Customers</i> to be accounted for as a sale.</p> <p>AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.</p>	1 January 2024	30 June 2025

Reference	Summary of Change	Application date of the standard ¹	Applies to financial year ended
AASB 2022-10	<p><i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i></p> <p>Standard amends AASB 13 <i>Fair Value Measurement</i>, including adding authoritative implementation guidance and providing related illustrative examples, relating to the measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.</p>	1 January 2024	30 June 2025
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> <p>The mandatory application date of AASB 2014-10 has been amended and deferred to annual reporting periods beginning on or after 1 January 2025 by AASB 2021-7.</p>	1 January 2025	30 June 2026

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.

From 1 January 2020 AASB 1054 requires that in order to claim compliance with International Financial Reporting Standards (IFRS) under AASB 101.16 (for Tier 1 GPFR), an entity should identify and disclose the impacts of those new IFRS 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:

Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules

The amendments to IAS 12 *Income Taxes* introduce:

- a) a temporary mandatory exception to the accounting for deferred taxes arising from the implementation of the OECD Pillar Two model rules in local jurisdictions; and
- b) disclosures explaining a company's exposure to income taxes arising from the reform.

Effective
immediately on
issue (May 2023) 30 June 2023

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

Amends IAS 7 to require disclosure of information about an entity's supplier finance arrangements (also known as supply chain finance, payables finance or reverse factoring arrangements) that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

1 January 2024 30 June 2025

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

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