



# **New Accounting Standards and Interpretations**

**March 2017**

## Introduction

This document contains details of the changes in Accounting Standards and Interpretations issued as at **31 March 2017**. The document contains 2 parts:

**Part A** - This table lists all the new and amended Accounting Standards that are applicable for the first time for entities with a **30 June 2017 financial year end**

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 all the new and amended Accounting Standards that have been issued but are not yet mandatorily effective.

Entities may elect to early adopt these 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.

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. Part B also contains a list of such standards.

This document does not list all the amendments that have been made to AASB 1053 *Application of Tiers of Australian Accounting Standards* (ie, the Reduced Disclosure Regime).

## 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 2017** (unless early adopted):

Reference	Summary of Change	Application date of the standard <sup>1</sup>	Applies to financial year ended
AASB 14	<p><b><i>Regulatory Deferral Accounts</i></b></p> <p>This Standard permits a first-time adopter within its scope to continue to account for regulatory deferral account balances in its first IFRS financial statements in accordance with its previous GAAP when it adopts IFRS. <i>[This Standard is unlikely to have applicability for Australian entities].</i></p>	1 January 2016	30 June 2017
AASB 2014-1	<p><b><i>Amendments to Australian Accounting Standards</i></b></p> <p>Amends AASB 1 <i>First-time Adoption of Australian Accounting Standards</i>, which arise from the issuance of AASB 14 <i>Regulatory Deferral Accounts</i>.</p>	1 July 2016	30 June 2017
AASB 1057	<p><b><i>Application of Australian Accounting Standards</i></b></p> <p>This Standard deletes the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation) and moves them into this Standard. The application requirements of each other Australian Accounting Standard have not been amended.</p> <p>AASB 1057 is amended by AASB 2015-9 <i>Amendments To Australian Accounting Standards – Scope And Application Paragraphs</i> to correct previous drafting errors and reintroduce the scope paragraphs of AASB 8 and AASB 133 into those Standards.</p>	1 January 2016	30 June 2017
AASB 2014-3	<p><b><i>Accounting for Acquisitions of Interests in Joint Operations – Amendments to AASB 11</i></b></p> <p>This amendment to AASB 11 <i>Joint Arrangements</i> requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3.</p>	1 January 2016	30 June 2017

Reference	Summary of Change	Application date of the standard <sup>1</sup>	Applies to financial year ended
AASB 2014-4	<p><b><i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</i></b></p> <p>These amendments to AASB 116 and AASB 138 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The standard also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p>	1 January 2016	30 June 2017
AASB 2014-6	<p><b><i>Agriculture: Bearer Plants (Amendments to AASB 116 and AASB 141)</i></b></p> <p>AASB 2014-6 <i>Amendments to Australian Accounting Standards – Agriculture: Bearer Plants</i> amends AASB 116 and AASB 141 to add a definition of bearer plant and includes bearer plants within the scope of AASB 116 instead of AASB 141.</p>	1 January 2016	30 June 2017
AASB 2014-9	<p><b><i>Equity Method in Separate Financial Statements (Amendments to AASB 127)</i></b></p> <p>Amends AASB 127 to permit entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p>	1 January 2016	30 June 2017
AASB 2015-1	<p><b><i>Annual Improvements to Australian Accounting Standards 2012-2014</i></b></p> <p>This Standard makes amendments to various Accounting Standards arising from the IASB's <i>Annual Improvements</i> process, namely:</p> <p>AASB 5 - changes in methods of disposal from sale to distribution</p> <p>AASB 7 – applicability of disclosures to servicing contracts and interim financial statements;</p> <p>AASB 119 – clarifies that the government bond rate used in measuring employee benefits should be those denominated in the same currency.</p> <p>AASB 134 – permits the cross referencing of disclosures elsewhere in the financial report.</p>	1 January 2016	30 June 2017

Reference	Summary of Change	Application date of the standard <sup>1</sup>	Applies to financial year ended
AASB 2015-2	<p><b><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i></b></p> <p>The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB's Disclosure Initiative project.</p>	1 January 2016	30 June 2017
AASB 2015-5	<p><b><i>Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception</i></b></p> <p>This Standard amends AASB 10, AASB 12 and AASB 128:</p> <ul style="list-style-type: none"> <li>a) to confirm that the exemption from preparing consolidated financial statements set out in paragraph 4(a) of AASB 10 is available to a parent entity that is a subsidiary of an investment entity;</li> <li>b) to clarify the applicability of AASB 12 to the financial statements of an investment entity; and</li> <li>c) to introduce relief in AASB 128 to permit a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.</li> </ul>	1 January 2016	30 June 2017
AASB 2015-6	<p><b><i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i></b></p> <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities.</p> <p>This Standard also makes related amendments to AASB 10 <i>Consolidated Financial Statements</i> and AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i>.</p> <p>The amendments arising from AASB 2015-6 are applied prospectively from the date of initial application.</p>	1 July 2016	30 June 2017
AASB 2015-7	<p><b><i>Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities</i></b></p> <p>The amendments relieve not-for-profit public sector entities from a number of disclosures specified in AASB 13 <i>Fair Value Measurement</i> for assets within the scope of AASB 116 <i>Property, Plant and Equipment</i> that are held primarily for their current service potential rather than to generate future net cash inflows.</p>	1 July 2016	30 June 2017

Reference	Summary of Change	Application date of the standard <sup>1</sup>	Applies to financial year ended
AASB 2015-9	<p><b>Amendments to Australian Accounting Standards – Scope and Application Paragraphs</b></p> <p>This amending Standard reinstates the scope paragraphs inadvertently deleted from AASB 8 and AASB 133. There is no change to the requirements or the applicability of AASB 8 and AASB 133.</p>	1 July 2016	30 June 2017
AASB 1056	<p><b><i>Superannuation Entities</i></b></p> <p>AASB 1056 replaces AAS 25 Financial Reporting by Superannuation Plans. This Standard changes to presentation of financial statements, measurement and disclosure of defined benefit obligations and disclosure of disaggregated financial information.</p>	1 July 2016	30 June 2017

## PART B – 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 2017 (unless early adopted):

Reference	Summary of Change	Application date of the standard <sup>1</sup>	Applies to financial year ended
AASB 2016-1	<p><b><i>Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]</i></b></p> <p>This Standard amends AASB 112 <i>Income Taxes</i> to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealised losses on debt instruments measured at fair value.</p>	1 January 2017	30 June 2018
AASB 2016-2	<p><b><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i></b></p> <p>This Standard amends AASB 107 <i>Statement of Cash Flows</i> to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.</p>	1 January 2017	30 June 2018
AASB 2016-3	<p><b><i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></b></p> <p>This Standard amends AASB 15 <i>Revenue from Contracts with Customers</i> to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15.</p>	1 January 2018	30 June 2019
AASB 2016-4	<p><b><i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i></b></p> <p>This Standard amends AASB 136 <i>Impairment of Assets</i> so that not-for-profit entities holding non-cash-generating specialised assets at fair value in accordance with AASB 13 <i>Fair Value Measurement</i> no longer need to apply AASB 136. Not-for-profit entities holding such assets at cost will determine recoverable amounts using current replacement cost in AASB 13.</p>	1 January 2017	30 June 2018

Reference	Summary of Change	Application date of the standard <sup>1</sup>	Applies to financial year ended
AASB 2016-5	<p><b><i>Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions</i></b></p> <p>This Standard amends AASB 2 <i>Share-based Payment</i> to address:</p> <ul style="list-style-type: none"> <li>(a) the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;</li> <li>(b) the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and</li> <li>(c) the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.</li> </ul>	1 January 2018	30 June 2019
AASB 2016-6	<p><b><i>Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts</i></b></p> <p>This Standard amends AASB 4 <i>Insurance Contracts</i> to permit issuers of insurance contracts to: (a) choose to apply the 'overlay approach' to eligible financial assets to calculate a single line item adjustment to profit or loss; or (b) choose to be temporarily exempt from AASB 9 when those issuers' activities are predominantly connected with insurance.</p>	1 January 2018	30 June 2019
AASB 2014-10	<p><b><i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)</i></b></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 2018 by AASB 2015-10.</p>	1 January 2018	30 June 2019

Reference	Summary of Change	Application date of the standard <sup>1</sup>	Applies to financial year ended
AASB 2017-1	<p><b><i>Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments</i></b></p> <p>Clarifies that:</p> <ul style="list-style-type: none"> <li>a) a change in classification to or from investment property can only be made where there is evidence of a change in use of the property. A change in management’s intention is, in isolation, not evidence of a change in use; and</li> <li>b) the election by a venture capital organisation, mutual fund, unit trust or similar entity to measure investments in an associate or joint venture at fair value through profit or loss is made separately for each associate or joint venture.</li> </ul>	1 January 2018	30 June 2019
AASB 2017-2	<p><b><i>Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle</i></b></p> <p>Specifies that the disclosure requirements of AASB 12 <i>Disclosure of Interests in Other Entities</i> apply to an entity’s interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>.</p>	1 January 2017	30 June 2018
AASB 9	<p><b><i>Financial Instruments</i></b></p> <p>AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test.</p> <p>AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:</p> <ul style="list-style-type: none"> <li>a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</li> <li>b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.</li> <li>c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing</li> </ul>	1 January 2018	30 June 2019

Reference	Summary of Change	Application date of the standard <sup>1</sup>	Applies to financial year ended
	<p>so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.</p>		
AASB 15	<p><b><i>Revenue from Contracts with Customers</i></b></p> <p>AASB 15 replaces AASB 118 <i>Revenue</i>, <i>AASB 111 Construction Contracts</i> and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:</p> <ol style="list-style-type: none"> <li>identify the contract with a customer;</li> <li>identify the separate performance obligations in the contract;</li> <li>determine the transaction price;</li> <li>allocate the transaction price to the separate performance obligations in the contract; and</li> <li>recognise revenue when (or as) the entity satisfies a performance obligation.</li> </ol> <p>Consequential amendments to other Standards are made by AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>.</p> <p>Consequential amendments are also made for not-for-profit entities by AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>. The mandatory application date of AASB 15 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-8.</p> <p><b><sup>2</sup> The mandatory application date of AASB 15 has been deferred for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019 by AASB 2016-7.</b></p>	1 January 2018 <sup>2</sup>	30 June 2019 <sup>2</sup>

Reference	Summary of Change	Application date of the standard <sup>1</sup>	Applies to financial year ended
AASB 2016-8	<p><b><i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i></b></p> <p>This Standard inserts Australian implementation guidance for not-for-profit entities into AASB 9 and AASB 15. The amendments to AASB 15 provide guidance in relation to: (a) identifying a contract with a customer; (b) identifying performance obligations; and (c) allocating the transaction price to performance obligations. The amendments to AASB 9 provide guidance on the initial measurement and recognition of non-contractual receivables arising from statutory requirements.</p>	1 January 2019	30 June 2020
AASB 1058	<p><b><i>Income of Not-for-profit Entities</i></b></p> <p>This Standard establishes principles for not-for-profit entities that apply to:</p> <ul style="list-style-type: none"> <li>(a) transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives;</li> <li>(b) the receipt of volunteer services; and</li> <li>(c) transfers made to enable an entity to acquire or construct a non-financial asset for its own use.</li> </ul>	1 January 2019	30 June 2020
AASB 16	<p><b><i>Leases</i></b></p> <p>AASB 16 replaces AASB 117 <i>Leases</i> and sets out the principles for the recognition, measurement, presentation and disclosure of leases.</p> <p>AASB 16 introduces a single lessee accounting model and 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.</p> <p>A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 <i>Statement of Cash Flows</i>.</p>	1 January 2019	30 June 2020

Reference	Summary of Change	Application date of the standard <sup>1</sup>	Applies to financial year ended
	<p>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 <i>Leases</i>. Accordingly, a lessor continues to classify its leases as operating leases or finance leases.</p> <p>Early application is permitted provided the entity also applies AASB 15 <i>Revenue from Contracts with Customers</i> at or before the same date.</p>		
Interpretation 22	<p><b><i>Foreign Currency Transactions and Advance Consideration</i></b></p> <p>The Interpretation clarifies that for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which the entity recognises the payment or receipt of advance consideration in a foreign currency.</p>	1 January 2018	30 June 2019

**Key:**

- <sup>1</sup> Designates the beginning of the applicable annual reporting period unless otherwise stated.
- <sup>2</sup> The mandatory application date of AASB 15 has been deferred for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019 by AASB 2016-7.

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