DECEMBER 2019
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ACCOUNTING NEWS

FOR-PROFIT ENTITIES - WHAT'S NEW FOR 31 DECEMBER 2019 FINANCIAL REPORTS?

MINI 'BIG BANG'

Although somewhat quieter than 2018, 2019 will still be a busy year for preparers of financial statements, with the new leases standard, AASB 16 *Leases*, and new Interpretation 23 *Uncertainty over Income Tax Treatments*, applying for the first time to annual periods beginning on or after 1 January 2019 (i.e. 31 December 2019 year-ends).

There are also five amending standards to consider, but except for AASB 2017-7 (impairment of long-term loans to associates and joint ventures) these are not expected to have wide spread application.

New standards	
AASB 16 *Leases*	
New interpretations	
Interpretation 23 *Uncertainty over Income Tax Treatments*	
Amending standards	
AASB 2017-6	*Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation*
AASB 2017-7	*Amendments to Australian Accounting Standards - Long-Term Interests in Associates and Joint Ventures*
AASB 2018-1	*Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*
AASB 2018-2	*Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*
AASB 2018-3	*Amendments to Australian Accounting Standards – Reduced Disclosure Requirements*

AASB 16 *LEASES*

This standard is expected to impact a large number of entities because many businesses lease operating assets and premises, and except for certain low value and short-term leases, these right-of-use (ROU) assets must be capitalised on the balance sheet, together with the related lease liability. When applying AASB 16 for the first time, preparers need to pay attention to the following issues:

IN THIS EDITION

In this edition, we provide a year-end update of what's new for 31 December 2019 year-ends.

In our not-for-profit section, we note the AASB's recent decision to provide an optional deferral of AASB 1058 and AASB 15 by not-for-profit entities (NFPs) receiving research grants, and also additional disclosures required for 30 June 2020 year-ends by private sector NFPs on the extent of compliance with recognition and measurement requirements in special purpose financial statements.

We continue to explore further aspects of the 'triple threat' accounting standards, this month focussing on whether the lessee obtains substantially all the economic benefits from using the leased asset.

In latest developments, we highlight proposals to extend the definition of 'significant global entities' which could result in more Australian entities having to submit general purpose financial statements to the ATO, and draw your attention to the AASB's recent clarification that disclosing the impact of standards issued not yet effective requires discussion about standards issued by the IASB that have yet to be issued by the AASB as Australian standards. Lastly, we summarise the IASB's guide on selecting and applying accounting policies.

Identify agreements that contain 'leases'	Some agreements that are not referred to as 'leases', e.g. service agreements, may contain a 'lease'
Non-lease components	Are there any non-lease components to be separated out from lease contracts?
Scope exemptions	Are there any short-term or low value leases?
Lease term	Have all options to extend, renew or terminate been identified and likelihood of exercising been assessed?
Variable lease payments	Are there index-based or in-substance fixed variable lease payments to be included in the lease liability?
Discount rate	Do you know the rate implicit in the lease? If not, do you know your incremental borrowing rate as a lessee?

Ongoing changes to leases

Calculations for finance leases in accordance AASB 117 *Leases* did not tend to change very often. However, under AASB 16, lease liabilities could change from period to period because of various reassessments, or where leases have been modified.

Reassessments
Changes in assessment of options to renew or terminate leases
Changes in assessment of purchase options
Changes in estimate of residual value guarantee
Changes in index or rate affecting payments (e.g. CPI increases or market rent reviews)

Modifications
Increase in scope of right-of-use asset (e.g. adding another floor of leased office space)
Decrease in scope of right-of-use asset (e.g. reduce the number of floors leased)
Extension of lease period by amending the lease agreement (i.e. not as a result of a change in assessment of renewal options)
Reduction of lease period by amending the lease agreement (i.e. not as a result of a change in assessment of renewal or termination options)

This will involve a considerable amount of work for preparers of financial statements on an ongoing basis because lease liability calculations are likely to change frequently, which also lead to adjustments to the corresponding ROU asset and potentially profit or loss. An added complexity is that the incremental borrowing rate needs to be adjusted in certain of the reassessments and modifications.

Transition – Which method is best to apply?

Decisions about which of the various transition methods is best for your business can be tricky, because different methods can have a different impact on assets, liabilities and retained earnings, which in turn can have a significant impact on an entity's ability to pay dividends and meet bank covenants. It is important to note that the appropriate transitional method for an entity depends of the specific circumstances and pressure points of the entity. The three transition methods are illustrated in the diagram below.

Transition methods

- Full retrospective method
- Modified retrospective method
  - Modified retrospective method #1
    - ROU asset = Lease liability (plus / minus accrual/ prepayment under old AASB 117)
  - Modified retrospective method #2
    - ROU asset is calculated on a retrospective basis
      - Practical expedients available for use in calculation, and
      - Prevailing incremental borrowing rate at the date of initial application is used

Comparatives will only be restated where the full retrospective method is used.

Applying the full retrospective method can be complex because practical expedients for first-time adoption relate mainly to the modified retrospective methods. Using the modified retrospective method #1 is likely to be the simplest method to apply in practice, however, it also results in the biggest negative impact on future profits.

> We recommend that entities carefully consider the impact of the three different transitional methods at both the date of the initial application of IFRS 16, and the ongoing impact for at least the next five financial years. This will ensure that entities select the most appropriate transitional method for their entity.

Disclosing the impacts of transition

Transition adjustments need to be clearly explained so that users can easily understand what has changed. Details of old and new accounting policies should be contrasted, together with details of each adjustment (ideally in a tabular format with narrative footnotes). AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, paragraph 28 outlines the disclosure requirements when entities change accounting policies on initial adoption of a new accounting standard.

New AASB 16 disclosures

AASB 16 requires more disclosure by lessees than AASB 117, including where future cash outflows could vary because of factors that have not been included in measuring the lease liability, e.g. variable lease payments, extension and termination options, residual value guarantees and leases not yet commenced (i.e. not using the leased asset yet) to which the lessee is committed.

Other than for 'low value' or short-term leases, the presentation of cash outflows for 'operating lease' payments is likely to change. Previously disclosed as cash outflows from operating activities, these will in future be presented as:

- Financing outflows for repayments of principal , and
- Either operating, investing or financing outflows for repayment of interest (as appropriate).

> Even if you have no adjustments on first-time adoption of AASB 16, it is important to note that YOUR DISCLOSURES WILL STILL NEED TO CHANGE.

AASB 16 terminology is different to that used in AASB 117, particularly for lessees. Accounting policies of lessees will also need to be rewritten to remove reference to 'finance' and 'operating' leases.

Additional disclosures take a significant amount of time to prepare, so we recommend that you commence redrafting financial statement reporting templates or packages in advance of 31 December 2019.

INTERPRETATION 23 *UNCERTAINTY OVER INCOME TAX TREATMENTS*

Interpretation 23 requires entities to calculate their current and deferred tax assets and liabilities as if the tax authorities were going to perform a tax audit, and the tax authorities knew all the facts and circumstances about the entity's tax position.

We are unlikely to see changes to financial statements in the way entities recognise tax assets and liabilities if it is **probable (more than a 50 percent chance) that the tax authority will accept the uncertain tax position.**

However, if it is **not probable that the tax authority will accept the uncertain tax position, the effect of the uncertain tax position will need to be included when measuring the income tax expense and related current and deferred tax assets and liabilities, using either a 'most likely amount' or 'expected value' measurement method.**

This is likely to have a significant impact on the quantum of income tax liabilities for entities subject to judgmental tax areas such as transfer pricing. Boards and audit committees who have not already done so, need to ensure that an extensive tax review is conducted, to firstly identify all uncertain tax positions (and the probabilities of it being accepted); and then to assess the impact on the financial statements.

It is important to document the probability of tax positions being accepted by the ATO. This may not previously have been specifically stated and assessed by tax practitioners.

Please contact a member of BDO's Tax team if you require assistance.

AASB 2017-6 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – PREPAYMENT FEATURES WITH NEGATIVE COMPENSATION*

Early prepayment of a financial asset before maturity can sometimes jeopardise the instrument being measured at amortised cost (if business model is 'hold to collect') or fair value through other comprehensive income (FVTOCI) (if business model is 'hold to collect and sell') because the settlement amount may include compensation other than solely payments of principal and interest (SPPI test), including negative compensation.

Under AASB 9 *Financial Instruments,* financial assets with early prepayment options still meet the SPPI test, and therefore qualify for **amortised cost or FVTOCI** measurement**,** if the contractual terms permit early repayment by either party before maturity, at an amount that represents substantially all of the unpaid amounts of principal and interest. The early repayment may include a reasonable amount for additional compensation for the early termination of the contract.

This narrow-scope amendment to AASB 9 extends the exemption for early repayment to cases where, regardless of the event or circumstance that caused the early repayment, reasonable compensation could be a variable amount (more or less than unpaid amounts of principal and interest), such as:

- The instrument's current fair value, or
- An amount that reflects the remaining contractual cash flows discounted at the current market interest rate.

AASB 2017-7 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – LONG-TERM INTERESTS IN ASSOCIATES AND JOINT VENTURES*

These changes are likely to have a major impact on entities with investments in overseas exploration projects that are funded primarily through loans advanced to associates and joint ventures, rather than via equity funding. Previously, many such entities relied on projects not yet being at a stage to be tested for impairment under AASB 6 *Exploration for and Evaluation of Mineral Resources* to conclude that there is no objective evidence of impairment under AASB 128 *Investments in Associates and Joint Ventures*.

AASB 2017-7 clarifies that loans are first tested for impairment under AASB 9 using the expected credit loss model, and then under AASB 128 for the investment as a whole.

AASB 2018-1 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – ANNUAL IMPROVEMENTS 2015-2017 CYCLE*

In February 2018, the Australian Accounting Standards Board approved the International Accounting Standards Board 2015-2017 annual improvements to the following standards:

- **AASB 3 *Business Combinations* -** When a party to a joint arrangement obtains **control** of a joint operation that is a **business**, the amendments clarify that this is a business combination achieved in stages. The acquirer remeasures its previously held interests at acquisition date fair values (as if the entity had disposed of its interests and reacquired them at fair value).

Applies to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period which starts on or after 1 January 2019.

- **AASB 11 *Joint Arrangements*** - When a party to a joint arrangement that is a joint operation **does not have control** of the joint operation, but **subsequently obtains joint control**, the amendments clarify that it does not remeasure its previously held interest in the joint operation.

This applies to transactions where joint control is obtained on or after the beginning of the first annual reporting period which starts on or after 1 January 2019.

- **AASB 112 *Income Taxes* -** Clarifies how to account for adjustments to income tax payable where income taxes are payable at a higher / lower rate if net profits or retained earnings are paid out as a dividend to shareholders. There is an adjustment to tax payable when the liability to pay the dividend is recognised.

This applies to annual reporting periods beginning on or after 1 January 2019 and the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period presented.

For example, ABC Limited has a 31 December 2019 year-end. It recognised a dividend liability to shareholders on 1 April 2018. ABC Limited presents only one year of comparative information for the year ended 31 December 2018. Although this amendment applies to the annual period commencing from 1 January 2019, any adjustment to the income tax payable as a result of the dividend would be retrospectively adjusted and recognised on 1 April 2018 (date of dividend liability).

- **AASB 123 *Borrowing Costs* –** Clarifies that once a qualifying asset funded through specific borrowings becomes ready for its intended use or sale, capitalisation of borrowing costs on that particular qualifying asset ceases, but any remaining borrowings form part of the pool of general borrowings when determining the capitalisation rate applied to general borrowings.

AASB 2018-2 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – PLAN AMENDMENT, CURTAILMENT OR SETTLEMENT*

These amendments to AASB 119 *Employee Benefits* clarify how to measure the net defined benefit liability (asset) and related amounts when a modification (plan event) occurs during the reporting period.

When there has been a plan amendment, curtailment or settlement during the reporting period, AASB 2018-2 requires an entity:

- To use the assumptions used when remeasuring the net defined benefit liability or asset to determine the current service cost and the net interest for the remainder of the reporting period after a plan event occurs, and
- Recognise the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.

AASB 2018-3 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – REDUCED DISCLOSURE REQUIREMENTS*

AASB 2018-3 sets out the reduced disclosure requirements for AASB 16 *Leases*. The amendments clarify that disclosures do not necessarily need to be provided in a tabular format. In addition, the following disclosures from the leases standard are **not required** for entities applying RDR:

- Lease liability maturity analysis presented separately from the maturity analysis for other financial liabilities (paragraph 58)
- Lessee's extension and termination options (paragraph B50), except that details of the prevalence of options being exercised that were not included in the measurement of lease liabilities must still be disclosed
- Lessee's residual value guarantees (paragraph B51), except that details of the nature of underlying assets for which guarantees have been provided must also still be disclosed, and
- Lessee's sale and leaseback transactions (paragraph B52).

IMPLICATIONS FOR HALF-YEARS ENDING 31 DECEMBER 2019

Listed and disclosing entities reporting for the half-year ending 31 December 2019 are effectively reporting for the first-half of the annual reporting period ending 30 June 2020. Such entities will apply the same standards for the first time as noted above for entities reporting on annual periods ending 31 December 2019 because all new and amending standards, and new interpretations, apply to annual periods beginning on or after 1 January 2019.

ON THE HORIZON

Reporting thresholds doubled for 'large' proprietary companies

The good news for large proprietary companies is that the thresholds for reporting to the Australian Securities and Investments Commission (ASIC) for annual periods beginning on or after 1 July 2019 have doubled, resulting in many such entities no longer having to prepare, have audited, and lodge financial statements for 30 June 2020, 31 December 2020 and beyond.

Proprietary companies are 'large' if two of the three thresholds in s45A of the *Corporations Act 2001* are met. The *Corporations Amendment (Proprietary Company Thresholds) Regulations 2019* introduces new Regulation 1.0.02B which increase these size thresholds for the purposes of s45A(3) as follows:

	Current thresholds	Thresholds applying from 1 July 2019
Consolidated revenue for the financial year	$25 million	$50 million
Consolidated gross assets	$12.5 million	$25 million
Employees of the consolidated group	50[1]	100[1]

1 Part-time employees as an appropriate fraction of a full-time equivalent

Please refer to our May 2019 Accounting News article for more information.

Scrapping special purpose financial statements for certain for-profit private sector entities

Bad news for entities currently lodging special purpose financial statements with ASIC is that the Australian Accounting Standards Board (AASB) has a project underway to remove special purpose financial statements for entities required to prepare financial statements:

- By legislation in accordance with Australian Accounting Standards or 'accounting standards', or
- By constitutions or other documents (e.g. lending agreements) created or amended on or after 1 July 2020, in accordance with Australian Accounting Standards.

The changes proposed are included in AASB Exposure Draft ED 297 *Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*. If the AASB's project is successful, entities reporting under Part 2M of the *Corporations Act 2001* will no longer be able to prepare special purpose financial statements from 30 June 2021 onwards. However, as a concession to entities having to upgrade special purpose financial statements to 'Tier 2' general purpose financial statements (Reduced Disclosure Requirements or RDR), the AASB is also proposing that Tier 2 RDR general purpose financial statements be cut back to a Simplified Disclosure Regime, developed based on disclosures required in *IFRS for SMEs*.

For more information, refer to our Accounting News articles:

- Scrapping special purpose financial statements (September 2019)
- Simplified disclosure regime (August 2019)

MORE INFORMATION – FREE BDO RESOURCES

More information on the above amendments is available in our:

- Financial Reporting Update publication (refer Section A), and
- November 2019 webinar, Getting Ready for 31 December 2019.

NEED HELP?

If you require any assistance implementing any changes to your December 2019 financial statements, please contact your engagement partner or a member of our BDO IFRS Advisory team.

NOT-FOR-PROFIT ENTITIES - WHAT'S NEW FOR 31 DECEMBER 2019 FINANCIAL REPORTS?

'BIG BANG'

In 2018, unlike the 'big bang' experienced by for-profit entities, not-for-profit entities (NFPs) only had one major new standard to implement, AASB 9 *Financial Instruments*. However, for 31 December 2019 financial statements, NFPs need to implement all of the standards, interpretations and amending standards noted in the article, For-profit entities – What's new for 31 December 2019, PLUS all the additional ones noted below.

New standards	
AASB 1058 *Income of Not-for-Profit Entities*	
AASB 15 *Revenue from Contracts with Customers*	
New interpretations	
Interpretation 22 *Foreign Currency Transactions and Advanced Consideration*	
Amending standards	
AASB 2017-1	*Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
AASB 2018-3	*Amendments to Australian Accounting Standards – Reduced Disclosure Requirements*
AASB 2018-4	*Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors*
AASB 2018-8	*Amendments to Australian Accounting Standards – Right-of-use Assets of Not-for-Profit Entities*

AASB 1058 *INCOME OF NOT-FOR-PROFIT ENTITIES*

AASB 1058 is a new standard which outlines the requirements for income recognition by not-for-profit entities (NFPs). Together with the new revenue standard, AASB 15 *Revenue from Contracts with Customers*, AASB 1058 is meant to simplify and clarify income recognition for NFPs. While the standard applies for the first time to 31 December 2019 year-ends, the AASB has announced that it will introduce an option for entities receiving research grants to defer this standard until 30 June 2020 year-ends. Refer to article, AASB 1058 and AASB 15 deferred for research grants for more information.

The objective of AASB 1058 is to establish principles for recognising income:

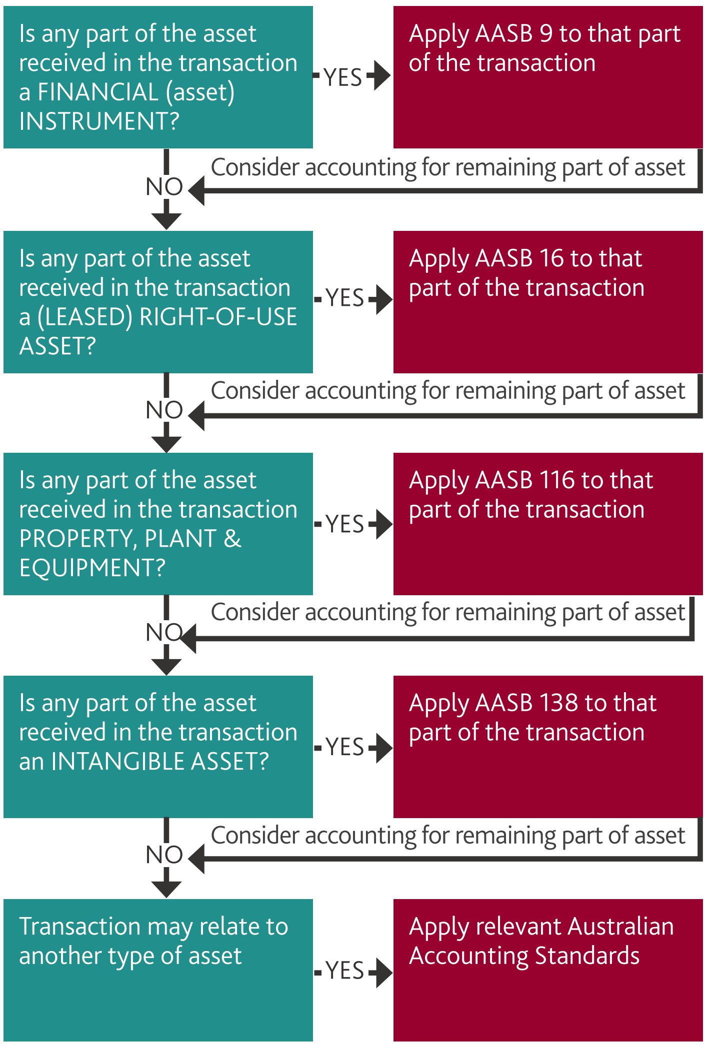
- On transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP to further its objectives, and
- For the receipt of volunteer services.

How to recognise and measure the asset acquired

NFPs can still use AASB 1058 as a starting point for recognising assets acquired, even in cases where consideration is not significantly less than fair value, or it is significantly less than fair value but the difference is not principally to enable the NFP to further its objectives. This is because AASB 1058 serves as a roadmap to the relevant Australian Accounting Standard for recognising the asset acquired (debit entry).

Unless a transaction is excluded from the scope of AASB 1058 (e.g. business combinations, share-based payments, etc.), AASB 1058, paragraph 8, requires us to apply the relevant Australian Accounting Standards when recognising an asset acquired or obtained.

Accounting for the ASSET received in a transaction (AASB 1058, paragraph 8)



Changes have been made to the relevant standards referred to in the diagram above so that assets received **at significantly less than fair value in order to enable the NFP to further its objectives** are recognised at **fair value.**

If the asset received by the NFP was on normal commercial terms (i.e. either not significantly less than fair value, and/or not to enable the NFP to further its objectives), then the asset would be measured under the above-mentioned standards at 'cost'.

The exception to this rule is for 'peppercorn leases', where the right-of-use asset is instead measured at **'cost'** (i.e. present value of actual lease payments), unless the NFP chooses to measure such right-of-use assets at fair value. In line with the requirement to measure other assets at fair value as noted above, the original version of AASB 16 required right-of-use assets resulting from 'peppercorn leases' to also be recognised at fair value. However, this requirement was removed in December 2018 when the AASB issued AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities*, allowing these right-of-use assets to instead be measured at cost. Refer to further discussion on AASB 2018-8 below.

Recognising the credit entry

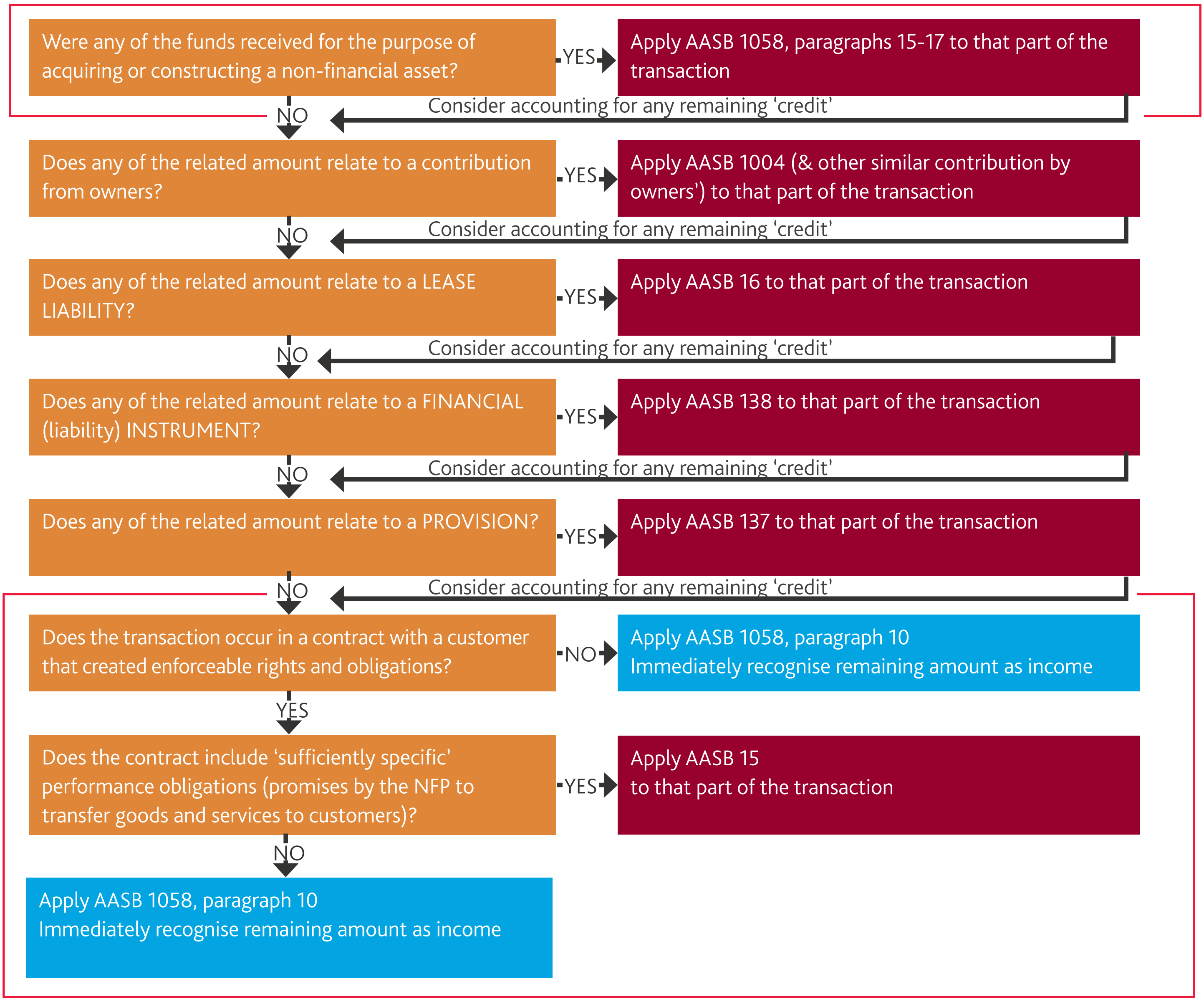
AASB 1058, paragraph 9 requires that the credit entry is recognised in accordance with other Australian Accounting Standards if/when it meets the criteria to be recognised in accordance with these standards. For example, the credit entry could be recognised as a:

- Contribution by owners (AASB 1004)
- Lease liability (AASB 16)
- Financial instrument (AASB 9)
- Provision (AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*)
- Revenue or contract liability (AASB 15).

This is illustrated in the decision tree below.

Application of judgement is required to determine which 'bucket' the credit entry belongs to.

Accounting for the RELATED AMOUNT (Credit) in a transaction (AASB 1058, paragraphs 9 & 10)



When all other possibilities for recognising the 'credit entry' have been exhausted, NFPs will lastly need to assess whether the transaction can be accounted for as revenue from a contract with a customer under AASB 15. Generally, any excess of the carrying amount of the asset (paragraph 8) over amounts recognised under paragraph 9 is recognised as income immediately in profit or loss (paragraph 10). **The exception is when financial assets (e.g. cash) are received to acquire or construct a recognisable non-financial asset (e.g. PPE) that the NFP will control. In such cases, there is no need to proceed down the above decision tree because paragraphs 15-17 will apply to the transaction.**

Refer to further discussion at AASB 15 below.

Transition

The 'date of initial application' is the beginning of the first annual period in which the entity first applies this standard, i.e. 1 January 2019 for 31 December 2019 year-ends.

AASB 1058 is to be applied either:

- Retrospectively with adjustments to comparatives in accordance with AASB 108 *Accounting Polices, Changes in Accounting Estimates and Errors* (full retrospective restatement) or
- Retrospectively applying the 'cumulative catch-up' approach, with the cumulative effect of initial adjustments recognised in retained earnings on the 'date of initial application' (1 January 2019), and no restatement of comparatives.

If the entity applies full retrospective restatement, it need not restate completed contracts or transactions that begin and end within the same annual period, or that are completed contracts or transactions at the beginning of the earliest comparative period ('opening balance sheet date', i.e. 1 January 2018), provided it applies this practical expedient to all such contracts.

More information

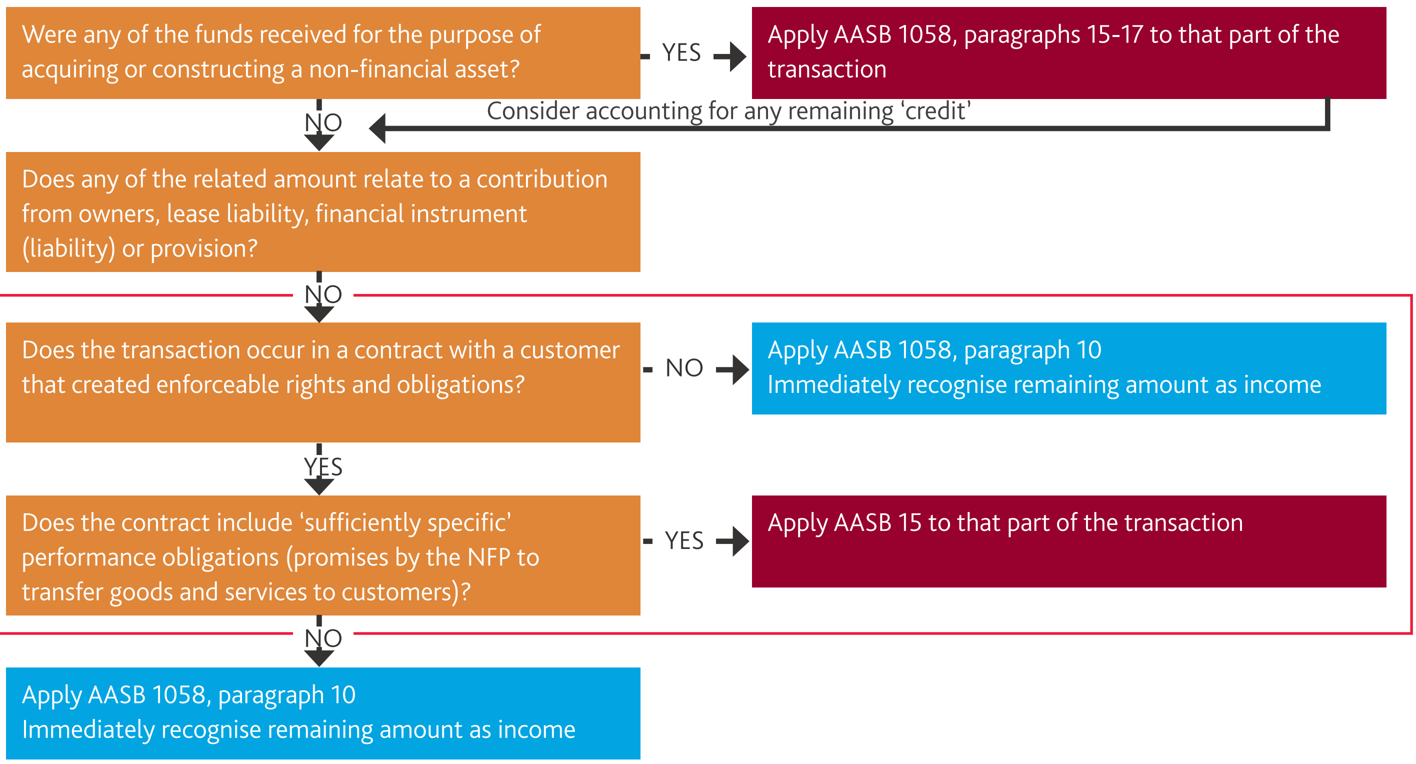
For a more detailed summary of AASB 1058, please refer to Section A of our Financial Reporting Update document.

AASB 15 *REVENUE FROM CONTRACTS WITH CUSTOMERS*

As noted in the discussion for AASB 1058 above, receipt of grants/donations, etc. by NFPs can only be accounted for under AASB 15 if the 'credit side' of the entry is not accounted for under another Australian Accounting Standard, and it can be shown that:

- There is an enforceable contract with a customer that creates enforceable rights and obligations, and
- The contract includes promises to deliver goods and services that are 'sufficiently specific'.

Accounting for the RELATED AMOUNT (Credit) in a transaction (AASB 1058, paragraphs 9 & 10)



Step one – Is there an enforceable contract with a customer?

AASB 15, Appendix F, paragraphs F5-F19 contain extensive guidance for deciding if:

- There is a customer
- There is a contract, and
- That contract is enforceable.

In a NFP context, the customer is not always the party receiving the goods or services. Donors may typically direct a NFP to provide goods or services to third party beneficiaries.

Step two – Does the contract include 'sufficiently specific' performance obligations?

AASB 15, Appendix F, paragraphs F20-F27 also provide detailed guidance on how to determine whether a contract contains 'sufficiently specific' performance obligations. In a nutshell, in order for a contract to contain 'sufficiently specific' performance obligations:

- The NFP must promise to transfer goods or services to the donor or to other parties on behalf of the donor, and
- That promise must be sufficiently specific such that it can be determined when the NFP has satisfied its obligation to transfer those goods or services.

Judgement is required in this regard, and NFPs would need to consider conditions specified in the arrangement regarding the promised goods or services (both explicit and implicit), such as illustrated below:

The nature or type of goods or services	The cost or value of goods or services	The quantity of goods or services	The period of time over which the goods or services must be transferred

More information

For a more detailed summary of AASB 1058, please refer to Section A of our Financial Reporting Update document.

AASB 2017-1 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – TRANSFERS OF INVESTMENT PROPERTY, ANNUAL IMPROVEMENTS 2014-2016 CYCLE AND OTHER AMENDMENTS*

Although applying for the first time to NFPs, AASB 2017-1 applied to for-profit entities for annual periods beginning on or after 1 January 2018. Please refer to our March 2017 Accounting News for more information.

AASB 2018-3 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – REDUCED DISCLOSURE REQUIREMENTS*

AASB 2018-3 sets out the reduced disclosure requirements for AASB 1058 *Income of Not-for-Profit Entities.* The following disclosures regarding income of not-for-profit entities are **not required** for entities applying RDR:

- Qualitative information about the entity's dependence on volunteer services it receives (including those not recognised)
- Qualitative information about the entity's dependence on inventories held but not recognised as assets during the reporting period
- Explanation of when the entity expects to recognise income from liabilities for unsatisfied performance obligations at the end of the reporting period
- For obligations settled over time, an explanation of why the methods used provide a faithful depiction of the entity's progress toward satisfying its obligation, and
- Information about externally imposed restrictions that limit or direct the purpose for which resources controlled by the entity may be used.

AASB 2018-8 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – RIGHT-OF-USE ASSETS OF NOT-FOR-PROFIT ENTITIES*

Australian Accounting Standards generally require not-for-profit entities (NFPs) to measure the 'asset' side of a grant/donation contract at **fair value** if the consideration given for the asset is **significantly less than fair value in order to enable the NFP to further its objectives.** This includes the right-of-use (ROU) asset in a 'peppercorn lease' recognised by NFP lessees.

Due to complications in determining fair value for such restricted use assets (e.g. for peppercorn leases), the Australian Accounting Standards Board removed this requirement in December 2018. AASB 2018-8 now **requires** these ROU assets to be measured at **'cost'** (i.e. the default measurement under AASB 16 for all entities), but permits a choice to measure them at fair value under AASB 13 *Fair Value Measurement*.

Additional disclosures where the 'cost' option is used

Where NFP lessees use the 'cost' option for ROU assets subject to peppercorn leases, the following additional disclosures are required:

- Information about the NFP's dependence on peppercorn leases, and
- Details of the nature of the leases, including lease payments, the lease term, a description of the underlying asset, and restrictions on the use of the underlying asset specific to the entity.

The above information must be provided individually for each material peppercorn lease.

MORE INFORMATION – FREE BDO RESOURCES

More information on the above amendments is available in our:

- Financial Reporting Update publication (refer Section A), and
- November 2019 webinar, Getting Ready for 31 December 2019.

NEED HELP?

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ASIC FOCUS AREAS FOR 31 DECEMBER 2019 – IMPORTANT NOTE FOR AFS LICENSEES WITH RIGHT-OF-USE ASSETS

On 6 December 2019, the Australian Securities and Investments Commission (ASIC) issued Media Release MR19-341, which outlines its focus areas for its 31 December 2019 financial reporting surveillance program.

AFS LICENSEES

The Media Release makes particular note of the impact of the new leases standard, AASB 16 *Leases* on the 'financial condition requirements' of entities with Australian Financial Services (AFS) Licences (AFS licensees). AFS licensees that have entered into leases (previously operating leases) will, for the first time, be required to capitalise a right-of-use (ROU) asset and lease liability on their balance sheets.

Lease liabilities would be included in the 'net tangible asset' calculation, but intangible assets, such as the related ROU assets, would not be counted. This could result in some AFS licensees breaching their financial condition requirements.

Similar issues may arise with contract assets recognised under AASB 15 *Revenue from Contracts with Customers* if these are also considered intangible assets.

Because the financial condition requirements apply throughout the year (referred to as 'on an at all times basis' in the Media Release), compliance must be considered **from the beginning of the financial year to which AASB 16 is first applied.** This is the case even if ASIC were to subsequently change a licensee's financial conditions to allow right-of-use assets to be counted. Directors and auditors of AFS licensees are therefore reminded to report any breaches of financial condition requirements to ASIC as required by the *Corporations Act 2001*.

ROLE OF DIRECTORS

Directors are reminded that they are primarily responsible for the financial report and for ensuring management produces quality financial information on a timely basis. Companies should apply appropriate experience and expertise, particularly in more difficult and complex areas such as accounting estimates (including impairment of non-financial assets), accounting policies (e.g. revenue recognition) and taxation. For further information, directors can refer to ASIC's Information Sheets:

- INFO 183 *Directors and financial reporting*
- INFO 203 *Impairment of non-financial assets*.

GOVERNANCE REVIEW

ASIC also notes that it will review the governance processes over financial reporting of several companies over the next six months, those selected for review generally being where reported assets and profits were materially changed following ASIC enquiries in recent reporting periods.

The reviews of governance processes of companies selected will cover how audit committees and directors fulfilled their role in ensuring the quality of financial reporting and supporting the audit.

ASIC will also review the identification and effectiveness of actions taken by the audit firms of the above companies to address root causes from an audit perspective.

IMPACT OF NEW STANDARDS

The impact of new standards remains at the top of ASIC's priority list, and ASIC expects public disclosure of impacts because it is important for investors and market confidence. This includes if there has been, or will be, no impact.

We expect to continue to see ASIC making enquiries through its financial reporting surveillance program of entities' application of these new standards (i.e. whether accounting policies adopted are appropriate), as well as the extent of disclosures (both ongoing disclosures, and regarding the impacts on transition).

FOCUS AREAS

The nine focus areas in MR19-341 remain essentially the same, with the 'impact of new standards' remaining at the top of the list:

- Impact of the new standards
- Impairment testing and asset values (many media releases 'naming and shaming' still relate to impairment write-downs)
- Revenue recognition policies
- Expense deferral
- Off-balance sheet arrangements
- Tax accounting
- Operating and financial review (OFR)
- Non-IFRS financial information, and
- Estimates and accounting policy judgements.

Please refer to the Media Release for more information.

AASB 1058 AND AASB 15 DEFERRED FOR RESEARCH GRANTS

At its November 2019 Board meeting, the Australian Accounting Standards Board (AASB) decided to defer the mandatory application of AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers*, **but only for research grants.** These two standards will therefore apply to NFPs for 31 December 2019 year-ends for all types of grants received, **except for research grants.**

NFPs receiving research grants will have an option to defer applying AASB 1058 and AASB 15 to research grants until 30 June 2020 (i.e. annual periods beginning on or after 1 July 2019), but early application is permitted. AASB 1058 and AASB 15 will, however, apply to other income for 31 December 2019 reporting periods.

The AASB also noted in its November 2019 Action Alert that it would proceed with proposed amendments to illustrative Examples 4A and 4B which accompany AASB 15. It should be noted that these amendments do not change the conclusions reached as to whether the research grant contracts contain sufficiently specific performance obligations. It was also proposed to add Example 4D (previously Scenario 2A in the AASB Staff FAQ 6) as an accompanying illustrative example in AASB 15.

NEXT STEPS

The AASB expects to issue an amending standard to effect these changes prior to the end of December 2019.

PRIVATE SECTOR NFPS TO DISCLOSE EXTENT OF COMPLIANCE WITH RECOGNITION AND MEASUREMENT REQUIREMENTS IN SPECIAL PURPOSE FINANCIAL STATEMENTS

In May 2019 Accounting News, we discussed the AASB's proposals to require all entities lodging special purpose financial statements with the Australian Securities and Investments Commission (ASIC) or the Australian Charities and Not-for-profits Commission (ACNC) to disclose the extent of their compliance with the recognition and measurement requirements of Australian Accounting Standards.

After further consideration, and in light of its proposals to scrap special purpose financial statements for certain for-profit private sector entities for annual periods commencing on or after 1 July 2021 (i.e. 30 June 2021 year-ends onwards), the AASB decided to limit these new disclosures to not-for-profit (NFP) private sector entities only.

DO THE NEW DISCLOSURES APPLY TO ALL PRIVATE SECTOR NFPS?

No. The new disclosures have been added to AASB 1054 *Australian Additional Disclosures* and are therefore only required for private sector NFPs required to comply with AASB 1054. As charities registered with the ACNC preparing special purpose financial statements must comply with the additional disclosures contained in AASB 1054, they will all be impacted.

NEW DISCLOSURES ARE REQUIRED

Paragraph 9A has been added to AASB 1054 by amending standard AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*.

The following additional disclosures are required:

(a) Disclose the basis on which the decision to prepare special purpose financial statements was made

(b) Where the entity has interests in other entities – disclose either:

(i) Whether or not its subsidiaries and investments in associates or joint ventures have been consolidated or equity accounted in a manner consistent with the requirements set out in AASB 10 *Consolidated Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*, as appropriate. If the entity has not consolidated its subsidiaries or equity accounted its investments in associates or joint ventures consistently with those requirements, it shall disclose that fact, and the reasons why, or

(ii) That the entity has not assessed whether its interests in other entities give rise to interests in subsidiaries, associates or joint ventures, provided it is not required by legislation to make such an assessment for financial reporting purposes and has not made such an assessment

(c) For each material accounting policy applied and disclosed in the financial statements that does not comply with all the recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128), disclose an indication of how it does not comply; or if such an assessment has not been made, disclose that fact, and

(d) Disclose whether or not the financial statements overall comply with all the recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128) or that such an assessment has not been made.

Extract of AASB 1054, paragraph 9A

IS THE NFP EXPECTED TO PERFORM A DETAILED ASSESSMENT OF RECOGNITION AND MEASUREMENT DIFFERENCES?

No. For all material accounting policies applied and disclosed in the financial statements, AASB 1054, paragraph 9A(c) merely requires disclosure of 'an indication of how it does not comply'. It is possible that this requirement could be met by simply including narrative disclosure.

Paragraph 9A(c) also notes that '….if such an assessment has not been made, disclose that fact'. This suggests that NFPs do not need to undertake a detailed assessment of recognition and measurement differences if this information is not known.

ILLUSTRATIVE DISCLOSURE

AASB 2019-4 also adds implementation guidance and seven examples to assist entities in determining the appropriate disclosure.

EFFECTIVE DATE

These amendments are effective for annual reporting periods ending on or after 30 June 2020.

EXTENSION OF DEFINITION OF 'SIGNIFICANT GLOBAL ENTITIES'

On 13 November 2019, the Australian Tax Office released an Exposure Draft for consultation that will extend the definition of 'significant global entities' (SGEs) and introduce a new concept of a country-by-country (CbC) reporting entity. The changes were originally announced as part of the 2018-2019 Federal Budget.

CURRENT DEFINITION OF A SGE

Under the current definition, an SGE is a global parent entity **or a member of a group of entities that are consolidated for accounting purposes**, where the annual global income of all members of the group is at least A$1 billion.

PROPOSED CHANGES

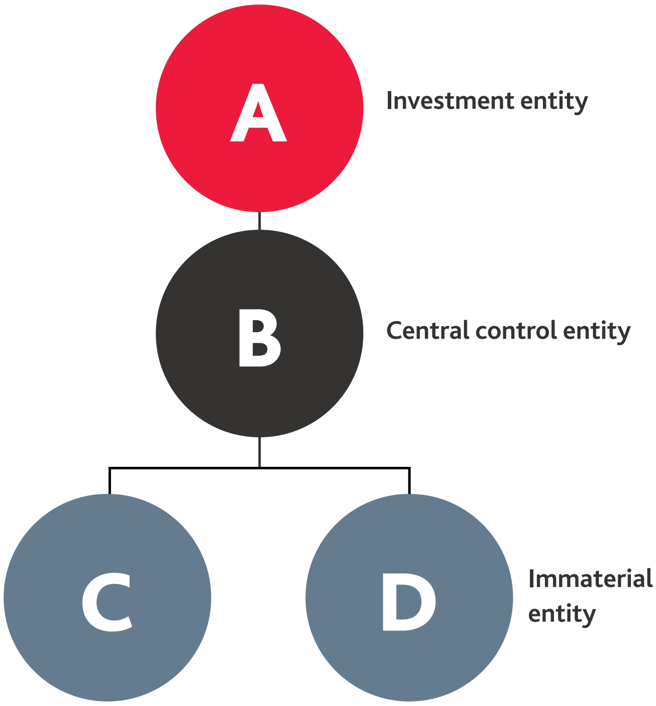
Under the proposed changes, the SGE definition will continue to apply to proprietary companies, trusts, and partnerships. In addition to this, a new definition of a *Notional Listed Company Group* (NLCG) has been introduced. Broadly, an NLCG is a group of entities that would have been required to consolidate for accounting purposes if they were part of a listed group and consolidation exceptions (including materiality and investment entity exemptions) were disregarded, where the consolidated annual global income would have been A$1 billion or more.

Once legislated, this revised definition will capture a number of new group structures into the SGE regime. As a result, they will:

- Face increased compliance obligations
- Be subject to new legislative provisions, such as the diverted profits tax
- Be subject to significantly increased administrative and lodgment penalties (for example, the penalties for late lodgment of tax documents can be up to A$525,000).

EXAMPLE

The potential effect is illustrated in the below example.



Current rules

The group in the example will not be an SGE because Company A, an investment entity, will not be required to prepare consolidated accounts due to the Investment Entity exemption.

Proposed changes

The exemption granted to investment entities is removed. As such, if combined annual global income of A, B, C and D exceeds A$1 billion, the group will be classed as an SGE.

Entity D will also be considered an SGE under the new rules because the materiality exemption is also disregarded.

IMPACT OF THE CHANGE

The broadening of this definition will impact large multinationals who previously fell out of the definition of an SGE due to the way their group was structured.

The new definition (once legislated) will apply from income years starting on or after 1 July 2018, and as a transitional measure, the administrative penalties for non-compliance will apply to income years starting on or after 1 July 2020.

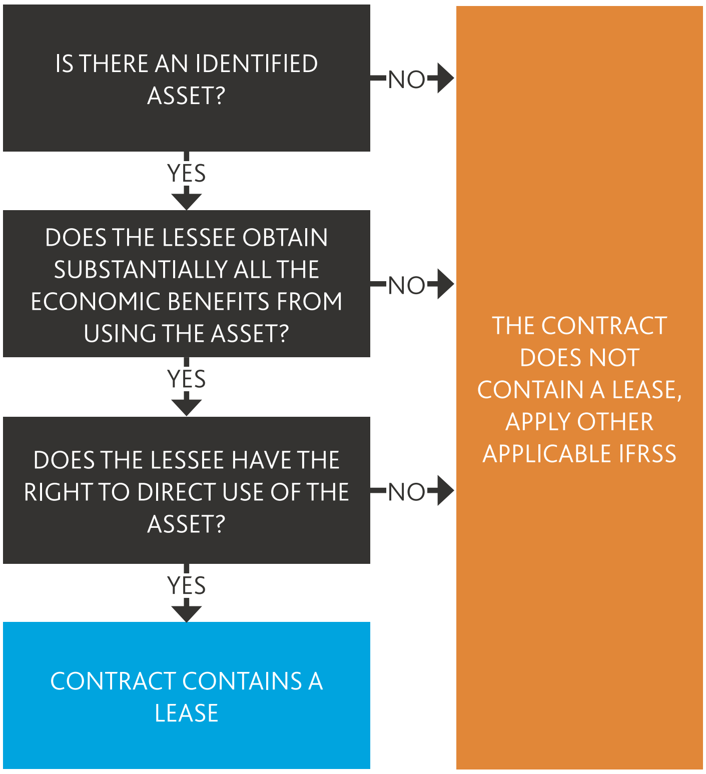
We encourage you to contact BDO's Transfer Pricing team or your BDO adviser if you think you may be affected by the change, or if you are unsure whether the new changes will apply to your entity.

WHEN IS A LEASE NOT A LEASE – DOES THE LESSEE OBTAIN SUBSTANTIALLY ALL THE ECONOMIC BENEFITS FROM USING THE ASSET?

For years ending 31 December 2019, IFRS 16 *Leases* requires all leases, except for some short-term and low value leases, to be capitalised on the balance sheet of lessees as a right-of-use asset and lease liability.

WHAT IS A 'LEASE'?

Three key issues need to be considered when determining if an agreement contains a 'lease'. These are illustrated in the diagram below.



In November 2019 [Accounting News], we looked at the first question, i.e. is there an identified asset.

In this article, we focus on the second question, i.e. whether the lessee obtains substantially all the economic benefits from using the asset.

SUBSTANTIALY ALL THE ECONOMIC BENEFITS FROM USING THE ASSET

In the diagram above, we can see that the lessee must obtain substantially all the economic benefits from using the leased asset. This could occur, for example, if the lessee:

- Has exclusive use of the asset throughout the period of the contract, or
- Has a right to sub-lease the asset.

LEASE PAYMENTS INCLUDE A PORTION OF CASH FLOWS DERIVED FROM THE ASSET

Simply because lease payments include **a portion of the cash flows derived from an asset** (e.g. a percentage of sales from the operations of a property) does not mean that the customer does not obtain substantially all of the economic benefits associated with the asset. Such requirements are common in retail lease contracts.

Example 1 – Obtaining economic benefits with outputs flowing to supplier

A retailer enters into a contract for the lease of a store in a shopping centre for five years.

The rental terms include payments equal to 10% of the gross sales revenue generated from the store.

The retailer has the right to determine which products are to be sold, the interior design of the store, etc.

Assessment

It is the customer's control and use of the property which generates all of the sales revenue.

The fact that a portion of the cash flows generated from use of the property are passed to the lessor is not relevant.

The lessee has a right to 100% of the sales revenue generated from the store (i.e. all of the economic benefits generated by the store), albeit that it has negotiated a contract which results in rent being determined by reference to that gross sales revenue.

CONSTRAINTS ON USE OF THE ASSET

In assessing whether a customer has a right to substantially all the economic benefits from the use of an identified asset, the assessment should be made based on the asset's use within the defined scope of the contract. For example:

- If a contract limits the use of a vehicle to only a particular geographic area, an entity assesses only the economic benefits from use of the motor vehicle within that territory. It does not consider what economic benefits could be obtained had there not been any geographical restriction in the contract.
- If a contract specifies a machine can only be utilised during specific times of the day, an entity assesses only the economic benefits from use of the machinery during that time of the day. It does not consider what economic benefits could be obtained from using the machine 24 hours a day.

Economic benefits from use of the asset include its primary outputs (e.g. finished goods for a manufacturer to sell) and by-products, including potential cash flows that are derived from these items. When considering economic benefits, emphasis should be placed on the benefits derived from using the asset rather than on other incidental benefits.

Example 2 – Obtaining economic benefits from use versus ownership of an asset

A customer enters into a contract with a supplier where the customer will purchase 100% of the energy produced by a bio-mass facility.

The contract specifies that the energy must be produced from this particular facility (and so the supplier does not have substantive substitution rights).

The supplier receives tax incentives from various levels of government for building the bio-mass facility, as it produces clean, renewable energy.

Assessment

The contract transfers to the **customer** the right to obtain **substantially all** of the economic benefit from use of the underlying asset (the power plant) because the customer has exclusive use of the primary product of the facility (i.e. the electricity).

Although the **supplier** obtains economic benefits in the form of tax incentives, these derive from legal ownership of the asset, and not from its use. Therefore, the value of these tax incentives should be disregarded in assessing who obtains substantially all the economic benefits of the bio-mass facility.

CONCLUDING THOUGHTS

Determining whether a contract is, or contains, a lease, is usually a straightforward matter. However, in practice, complex situations may arise that require the application of considerable professional judgement, including determining whether the entity obtains substantially all the economic benefits from using the asset noted in each agreement. To enable such judgements to be made, finance teams will need to ensure that they are able to access all underlying contracts. If such contracts are not currently centrally stored, finance teams should commence the process of ensuring that all contracts are available for analysis well prior to the adoption of IFRS 16.

DISCLOSURE OF THE EFFECT OF NEW IFRS STANDARDS NOT YET ISSUED IN AUSTRALIA

Paragraph 30 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires entities preparing full general purpose (Tier 1) financial statements to disclose the possible impact of Australian Accounting Standards issued but not yet effective, on future financial statements (i.e. in the year of initial application).

When new or amending accounting standards are issued by the International Accounting Standards Board (IASB), these can take some time to be approved and issued by the Australian Accounting Standards Board (AASB) as equivalent Australian Accounting Standards.

In order for these Tier 1 financial statements to include an explicit and unreserved statement of compliance with IFRS, disclosure is also required about the potential effect of IFRS standards issued by the IASB at the time the financial statements are authorised for issue, which will be issued by the AASB as Australian Accounting Standards in future.

The AASB therefore recently issued AASB 2019-5 *Amendments to Australian Accounting Standards - Disclosure of Effect of New IFRS Standards Not yet Issued in Australia*. AASB 2019-5 adds paragraph 17 to AASB 1054 *Australian Additional Disclosures* and clarifies that, in complying with paragraph 30 of AASB 108, entities intending to assert compliance with IFRS must also disclose the potential effect of IFRS standards that are yet to be issued by the AASB.

The changes also apply to entities preparing special purpose financial statements under Part 2M of the *Corporations Act 2001* or the ACNC Act because those standards require compliance with AASB 108, paragraph 30, although such entities are unlikely to assert compliance with IFRS.

These changes are effective for annual periods beginning on or after 1 January 2020.

IASB ISSUES GUIDE ON SELECTING AND APPLYING ACCOUNTING POLICIES

On 21 November 2019, the International Accounting Standards Board issued a Guide to Selecting and Applying Accounting Policies – IAS 8 (Guide). The Guide provides a step-by-step walk through of the requirements of the 'hierarchy' for selecting and applying accounting policies laid out in paragraphs 10-12 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The following flowchart has been extracted from the Guide and summarises the steps for selecting and applying accounting policies for a transaction, event or other condition (transaction).

STEP ONE:
Consider whether an IFRS Standard specifically applies to the transaction
YES → Apply the IFRS Standard that specifically applies *(IAS 8, paragraph 7)*
NO ↓

STEP TWO:
Consider whether an IFRS Standard deals with similar and related issues
YES → Apply the requirements in IFRS Standards that deal with similar and related issues *(IAS 8, paragraph 11(a))*
NO ↓

STEP THREE:
Refer to and consider the applicability of the Conceptual Framework for Financial Reporting *(IAS 8, paragraph 11(b))*

STEP ONE – CONSDER WHETHER AN IFRS STANDARD SPECIFICALLY APPLIES TO THE TRANSACTION

If there is an IFRS Standard (including Interpretations) that **specifically** applies to a transaction, other event or condition, the Guide notes that the requirements of that Standard are followed, even if those requirements do not align with the *Conceptual Framework for Financial Reporting* (Conceptual Framework).

The Guide illustrates this point by using two examples:

1. How the timing for recognising a liability to pay a government levy is different if IFRIC 21 *Levies* (the specific standard) is applied, as compared to the Conceptual Framework, and
2. How a financial instrument issued with a 'dividend blocker' (i.e. a term specifying that the entity cannot pay an ordinary dividend unless it has paid dividends of a specified amount to holders of the instrument), but no other obligations to pay cash, could be classified differently under IAS 32 (the specific standard), as compared to the Conceptual Framework.

STEP TWO – CONSIDER WHETHER AN IFRS STANDARD DEALS WITH SIMILAR AND RELATED ISSUES

Where there are no specific IFRS Standards dealing with a transaction, event or other condition, the Guide notes that the 'hierarchy' listed in paragraph 11 of IAS 8 requires preparers to consider IFRS Standards dealing with similar and related issues before consulting the Conceptual Framework for guidance.

The Guide uses an example of back-to-back commodity loans to illustrate this point.

When accounting policies are developed with reference to the requirements in IFRS Standards dealing with similar and related issues, preparers must use judgement and apply all aspects of the Standard that are related to the issue a hand.

STEP THREE – REFER TO AND CONSIDER THE APPLICABILITY OF THE CONCEPTUAL FRAMEWORK

The Conceptual Framework is only consulted if both of the following apply, i.e.:

- There is no IFRS Standard that specifically applies to the transaction, event or other condition, and
- There is no IFRS Standard that deals with similar and related issues.

The Guide uses an example of an entity that pays a tax deposit to a tax authority during a tax dispute to illustrate this point. If the outcome of the tax dispute is such that an additional payment is required by the entity, the tax deposit will be used to offset any additional tax liability. If the tax dispute settles in the entity's favour, the entity will receive a refund from the tax authority. As there are no IFRS Standards that specifically apply to the transaction, nor dealing with similar and related issues, the entity refers to the Conceptual Framework in developing a policy to account for the tax deposit paid.

OTHER CONSIDERATIONS

Recent pronouncements of other standard-setting bodies

In addition to the process outlined in the diagram above, the Guide notes that management is also permitted to consider the most recent pronouncements of other standard-setting bodies (e.g. US GAAP) when selecting and applying accounting policies, **but only if all the following apply:**

- There is no IFRS Standard (or Interpretation) that applies specifically to the transaction, other event or condition
- That other standard-setting body uses a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, and
- These other sources do not conflict with the Conceptual Framework or with IFRS Standards dealing with similar or related issues.

Disclosures

The Guide highlights that if an entity develops an accounting policy by reference to IFRS Standards dealing with similar and related issues, they **also need to consider all the requirements dealing with those issues, including the disclosure requirements.**

Disclosure of these transactions is also necessary in order to meet the general presentation and disclosure requirements in IAS 1 *Presentation of Financial Statements*, including:

- When relevant to an understanding of the entity's financial position and performance, presenting additional line items in the statement of financial position and in the statement of profit or loss and other comprehensive income
- Disclosing:
  - The nature and amount of material items of income and expense
  - Information relevant to a understanding of any of the financial statements
  - Significant accounting policies, and
  - Information about assumptions made about the future, and other major sources of estimation uncertainty.

WHERE TO FIND THE GUIDE

The Guide can be downloaded from the International Accounting Standards Board web site.

BDO MONTHLY WEBINARS – PLEASE REGISTER FOR 2020 WEBINARS NOW

Are you interested in an easy way to stay up to date with financial reporting and accounting standards which impact your business?

We invite you to register for our 2020 BDO Financial Reporting and Accounting standards live webinar series (11am to 12pm Sydney AEDT or AEST).

Topic for 2020 webinars are as follows:

Date	Topic
Jan 2020	What is in store for financial reporting in 2020?
Feb 2020	Leases: Ongoing reassessments and modifications
Mar 2020	Leases: Issues determining the incremental borrowing rate
Apr 2020	Impairment testing after the implementation of AASB 16
May 2020	Accounting Standards Update: Getting ready for 30 June 2020
Jun 2020	Effect of IFRS 9, 15 and 16 on business combinations
Jul 2020	Old standards that continue to provide challenges
Aug 2020	Finance teams: What to look for when preparing financial statements
Sep 2020	Board members: What to look for when reviewing financial statements
Oct 2020	Next steps after implementing AASB 16
Nov 2020	Accounting Standards Update: Getting ready for 31 December 2020
Dec 2020	Transitioning to general purpose financial statements

NEW BDO RESOURCES AND PUBLICATIONS

The IFRS Advisory section of our website contains a number of training resources and publications to help clients keep up to date on the latest developments in financial reporting.

TRAINING MATERIALS

The Accounting Standards Training page includes training materials on the new AASB 1058 for not-for-profit entities and the 'triple threat' accounting standards, IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers and* IFRS 16 *Leases*, including:

- Interactive eLearning, and
- Webinars (one-hour video recorded presentations presented live on a monthly basis).

AUSTRALIAN DEVELOPMENTS

Our Australian Developments page collates resources on a variety of topics specific to Australian financial reporting, including:

- General purpose financial statements for significant global entities (SGEs)
- ASIC issues
- Corporate governance
- Not-for-profit entities, and
- Special purpose financial statements.

IFRS PUBLICATIONS

Our IFRS Publications page includes a range of publications on IFRS issues:

- Financial reporting standards updates (a summary of changes to accounting standards and other legislative changes impacting each June and December reporting season)
- Accounting news (monthly newsletters)
- Global IFRS resources, and
- Industry IFRS information.

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