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Chief Minister, Treasury and Economic Development Directorate

Updated Policy start date: July 2023

**AADP 308**

**ACT Accounting Disclosure Paper**

**on**

**the 2022-23 AASB Standards issued  
but yet to be Applied**

**For THE reporting period endED   
30 June 2023**

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# 1. Introduction

## 1.1 APPLICATION

### **Background**

This disclosure paper covers Australian Accounting Standards and Interpretations which have been issued as at June 2023 that are yet to be applied. These standards and interpretations will apply during the 2023-24 reporting period or later reporting periods.

### **Agencies Covered by this Paper**

This disclosure paper applies to ACT Government Agencies, that is directorates and territory authorities.

### Contact

If you have any questions regarding this paper, please do not hesitate to contact the Financial Reporting and Framework (FRF) Branch to provide further clarification. Contact details are listed on the Accounting in the ACT website: <https://www.treasury.act.gov.au/accounting/>.

### Standards Issued that are Not Yet Applicable After the Release of this Disclosure Paper

Additional standards may be issued which are not yet applicable between 30 June 2023 and the date of signing of the financial statements and therefore these standards may need to be included in an agency’s financial statements. As such, agencies should monitor for any further standards issued after the FRF Branch releases this paper in July until their financial statements are signed. If there are any further standards issued during this time, agencies need to assess each standard issued but not yet applicable and disclose these standards in Note 3 of their financial statements if they are relevant and if their adoption is likely to have a material financial impact or their financial impact cannot yet be assessed.

# 2. Treatment of AASB Standards Issued BUT Yet to be applieD

## 2.1 Disclosures Required for Standards Issued but yet to be applied

When a directorate or territory authority has not early adopted a new accounting standard, and the standard is mandatorily effective in a later reporting period, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires disclosure of details regarding the adoption of that standard. This includes the potential financial impact on the financial statements which may occur when the standard is applied. AASB 108 para 30 and 31 contain the disclosure requirements.

This disclosure paper has been developed to assist agencies in making these disclosures. It provides an indication of what changes have been made to standards which have been issued but are yet to be applied. This will assist agencies in identifying which of the standards may have a potential material financial impact on them when they are applied.

**Agencies are required to:**

1. **Identify those standards that will apply to their agency;**
2. **Assess whether there may be a material financial impact upon the agency by reviewing the changes listed in this paper and referring directly to the standards and/or interpretations (this assessment should be clearly documented in audit work papers);**
3. **Only disclose details of the standards and interpretations which apply and are assessed as having a material financial impact on them, or if the impact is not known or not reasonably estimable. If the impact is not known or cannot be reasonably estimated, then this should be noted; and**
4. **Not disclose details of the standards and interpretations which either do not apply or which apply but are assessed as not having a material impact on them.**

Agencies should refer to Section 3 and **Attachment A** of this Disclosure Paper which provide the disclosure guidance agencies should be aware of when preparing their 2022-23 Financial Statements.

**It is important for each agency to verify that this assessment is correct for their circumstances.**

# Summaries of Changes to Standards and Interpretations Issued but yet TO BE APPLIED

The below are all standards and interpretations, currently issued by the AASB, which apply to reporting periods beginning on or after 1 July 2023:

AASB 17 *Insurance Contracts;*

AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;*

AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current;*

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates;*

AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;*

AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards;*

AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections;*

AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information;*

AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback;*

AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants;*

|  |  |
| --- | --- |
| AASB 2022-7b & 7c | *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards;* |

AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments;*

AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*;

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non‑Financial Assets of Not-for-Profit Public Sector Entities;*

AASB 2023-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements*

AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules;* and

AASB 2023-3 *Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2.*

## Relevant Standards that are considerED not to have a Material Financial Impact on Most Agencies

The following standards are considered relevant to most ACT Government agencies, however it is considered that they will not have a material financial impact on most ACT Government agencies.

### AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non‑Current (originally appl. 1 January 2022 however now appl. 1 January 2023 due to the issue of AASB 2020-6)

**Background**

AASB 2020-1 amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It applies to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However, the AASB has recently issued AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* which defers the application date by one year to periods beginning on or after 1 January 2023.

The amendments outlined in this standard clarify that a liability is classified as non-current if, at the end of the reporting period, an agency has the right to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified in these amendments.

**Impact**

This standard is not expected to have a material financial impact on most directorates and territory authorities.

### AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (appl. 1 January 2023)

**Background**

AASB 2021-2 amends:

* AASB 7 *Financial Instruments: Disclosures* to clarify that information about measurement bases for financial instruments is expected to be material to an agency’s financial statements;
* AASB 101 *Presentation of Financial Statements* to require agencies to disclose their material accounting policy information rather than their significant accounting policies;
* AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to clarify how agencies should distinguish changes in accounting policies and changes in accounting estimates;
* AASB 134 *Interim Financial Reporting* to identify material accounting policy information as a component of a complete set of financial statements; and
* AASB Practice Statement 2 *Making Materiality Judgements* to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

**Impact**

Part of this standard was early adopted in the 2021-22 financial year by directorates and territory authorities. In particular, that agencies disclosed their material accounting policy information rather than their significant accounting policy information. The early adoption of this part of the standard did not have a material financial impact on agencies.

The remainder of the changes in this standard are not expected to have a material financial impact on most directorates and territory authorities.

### AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback (appl. 1 January 2024)

**Background**

This Standard amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 *Revenue from Contracts with Customers* to be accounted for as a sale. 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 made by this Standard 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.

**Impact**

This standard is not expected to have a material financial impact on most directorates and territory authorities.

### AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (appl. 1 January 2024)

**Background**

This Standard amends AASB 101 to improve the information an agency provides in its financial statements about liabilities arising from loan arrangements for which the agency’s right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the agency complying with conditions specified in the loan arrangement. The Standard also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

**Impact**

This standard is not expected to have a material financial impact on most directorates and territory authorities.

### AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards (appl. 1 January 2023)

**Background**

This Standard makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2 Making Materiality Judgements. The amendments include corrections made by the IASB to IFRS Standards since June 2021.

This Standard repeals Australian Accounting Standards that have been superseded by either subsequent principal versions of the Standard or by other Standards without being formally repealed at the time.

This Standard also repeals Standards that made amendments to other Standards, being amending Standards that have passed their Parliamentary disallowance period and their legal commencement date but have not been formally repealed.

**Impact**

This standard is not expected to have a material financial impact on most directorates and territory authorities.

## Standards that are not considered Applicable to Most Agencies

It is considered that the following Standards do not apply to most ACT Government agencies.

### AASB 17 Insurance Contracts (originally appl. 1 January 2021 however now appl. 1 January 2026 due to issue of *AASB* 2022-8)

**Background**

AASB 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued (provided the agency also issues insurance contracts). The objective is to ensure that agencies provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of the standard have on the financial position, financial performance and cash flows of the agency.

AASB 17 combines AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* into one standard for not-for-profit public sector entities. AASB 17 contains some specific considerations for not-for-profit public sector entities in relation to pre‑requisites, indicators and other considerations in identifying arrangements that fall within the scope of the standard. AASB 17 is applicable to annual periods beginning on or after 1 July 2026.

The information in this section regarding AASB 17 should be read in conjunction with Section 3.2.7 *AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* and Section 3.2.8 *AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*.

**Impact**

Most directorates and territory authorities do not issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features and as such this standard will not apply to most agencies. Directorates and territory authorities that do have these types of contracts will need to assess the impacts of this standard.

### AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (originally appl. 1 January 2022 however now appl. 1 January 2025 due to issue of *AASB* 2021-7)

**Background**

AASB 2014-10 amends AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:

* a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and
* a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

AASB 2017-5 *Amendments to Australian Accounting Standards – Effective date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* deferred the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2022. Note that this application date has been extended to 1 January 2025 by AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (see Section 3.2.5).

**Impact**

Directorates and territory authorities do not generally have any investments in subsidiaries, joint ventures and associates and as such this standard will not apply to most agencies. Directorates and territory authorities that do have investments in subsidiaries, joint ventures and associates will need to assess the impacts of this standard.

### 3.2.3 AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (appl. 1 January 2023)

**Background**

This Standard amends AASB 112 to clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions.

The Standard amends AASB 1 to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to Australian Accounting Standards, despite the exemption set out in AASB 112.

**Impact**

Directorates and territory authorities do not generally have any deferred tax on transactions and as such this standard will not apply to most agencies. Directorates and territory authorities that do have deferred tax on transactions will need to assess the impacts of this standard.

### 3.2.4 AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (appl. 1 January 2023)

**Background**

AASB 2021-6 amends:

1. AASB 1049 to require agencies to disclose their material accounting policy information rather than their significant accounting policies;
2. AASB 1054 to reflect the updated terminology used in AASB 101 which is primarily related to disclosing their material accounting policy information rather than their significant accounting policies; and
3. AASB 1060 to require agencies to disclose their material accounting policy information rather than their significant accounting policies and to clarify that information about measurement bases for financial instruments is expected to be material to an agency’s financial statements.

**Impact**

This standard will not apply to most directorates and territory authorities. This is because the changes in:

* AASB 1049 relate to the Whole of Government financial statement reporting;
* AASB 1054 relate to not-for-profit private sector entities that prepare special purpose financial statements; and
* AASB 1060 relate to Tier 2 reporting, and it is ACT Disclosure Policy that agencies that are consolidated into the Whole-of-Government financial statements are not allowed to adopt Tier 2 reporting.

### AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (appl. 1 January 2023 and appl. 1 January 2025 – see below for further details)

**Background**

AASB 2021-7 makes the following changes:

* editorial corrections to AASB 17 *‘Insurance Contracts’* (appl. 1 January 2023); and
* amends AASB 2014-10 *‘Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’* by deferring the application date of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10. The amendments are now required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2022.

**Impact**

This standard will not apply to most directorates and territory authorities. This is because as set out in:

* Section 3.2.1 above, the requirements in AASB 17 are not likely to apply to most directorates and territory authorities; and
* Section 3.2.2 above, most directorates and territory authorities do not have investments in subsidiaries, joint ventures and associates and therefore AASB 2014-10 will not be applicable.

### AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information (appl. 1 January 2023)

**Background**

AASB 2022-1 amends AASB 17 to add a transition option referred to as ‘a classification overlay’ relating to comparative information about financial assets presented on initial application of AASB 17 and AASB 9 ‘*Financial Instruments’* at the same time. The amendments relate to financial assets for which comparative information presented on initial application of AASB 17 and AASB 9 has not been restated for AASB 9. Applying the transition option would permit an entity to present comparative information about such a financial asset as if the classification and measurement requirements of AASB 9 had been applied to that financial asset. This enables insurers to reduce potentially significant accounting mismatches between financial assets and insurance contract liabilities in the comparative period (or periods), to improve the usefulness of the comparative information in the general purpose financial statements.

**Impact**

This standard will not apply to most directorates and territory authorities.

### AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments (appl. 1 January 2023)

**Background**

AASB 17 *Insurance Contracts* was issued in 2017 to supersede AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts*, AASB 1038 *Life Insurance Contracts* and Interpretation 1047 *Professional Indemnity Claims Liabilities in Medical Defence Organisations* in respect of private sector entities and for-profit public sector entities. AASB 17 incorporates IFRS 17 *Insurance Contracts*, which applies to annual periods beginning on or after 1 January 2023. However, the AASB decided to defer the mandatory application date of AASB 17 for public sector entities to annual periods beginning on or after 1 July 2026, as the AASB is amending AASB 17 for application by public sector entities. Therefore, this Standard amends all accounting standards that refer to AASB 17 in order to permit public sector entities (both for-profit and not-for-profit) to continue applying AASB 4 and AASB 1023 to annual periods beginning on or after 1 January 2023 but before 1 July 2026.

This Standard also amends AASB 17 to repeal AASB 1038 and supersede Interpretation 1047 for annual periods beginning on or after 1 January 2023, on the basis that AASB 17 applies to those periods in respect of private sector entities and the pronouncements are not relevant to public sector entities.

**Impact**

This standard will not apply to most directorates and territory authorities. Directorates and territory authorities that may have insurance contracts or reinsurance contracts will need to assess the impacts of this standard.

### AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector (appl. 1 July 2026)

**Background**

This Standard amends AASB 17 to include modifications that apply to public sector entities. Those modifications relate to providing public sector entities with:

1. pre-requisites, indicators and other considerations that need to be judged to identify arrangements that fall within the scope of AASB 17 in a public sector context;
2. an exemption from sub-grouping onerous versus non-onerous contracts at initial recognition;
3. an exemption from sub-grouping contracts issued no more than a year apart;
4. an amendment to the initial recognition requirements so that they do not depend on when contracts become onerous;
5. guidance on coverage periods in a public sector context, which has consequences for determining the cash flows used to measure insurance liabilities and the pattern of revenue recognition;
6. an accounting policy choice to measure liabilities for remaining coverage applying the premium allocation approach; and
7. a transition requirement grandfathering the existing classification of arrangements constituting a liability for settlement of claims incurred before the liability was acquired in a transfer as either a liability for incurred claims within the scope of AASB 17 or a provision within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

This Standard also amends AASB 1050 *Administered Items* to provide an accounting policy choice for directorates to apply either AASB 17 or AASB 137 in determining the information to be disclosed about administered captive insurer activities. Because AASB 17 applies to all entities for annual periods beginning on or after 1 July 2026, this Standard also:

1. repeals AASB 4 *Insurance Contracts* and AASB 1023 *General Insurance Contracts*; and
2. reverses the temporary consequential amendments set out in AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* that amended various Standards to permit public sector entities to continue applying AASB 4 and AASB 1023 to annual periods beginning on or after 1 January 2023 but before 1 July 2026.

**Impact**

This standard will not apply to most directorates and territory authorities. Directorates and territory authorities that may have insurance contracts or reinsurance contracts will need to assess the impacts of this standard.

### AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangement (appl. 1 January 2024)

**Background**

This Standard amends AASB 107 and AASB 7 to require an agency to provide additional disclosures about its supplier finance arrangements. The additional information will enable users of financial statements to assess how supplier finance arrangements affect an agency’s liabilities, cash flows and exposure to liquidity risk. The amendments require an agency to disclose the terms and conditions of the arrangements, the carrying amount of the liabilities that are part of the arrangements, the carrying amounts of those liabilities for which the suppliers have already received payment from the finance providers, the range of payment due dates and the effect of non-cash changes.

**Impact**

This standard will not apply to most directorates and territory authorities.

### AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules (appl. 1 January 2023)

**Background**

This Standard makes amendments to AASB 112 *Income Taxes*. These amendments arise from the issuance of International Financial Reporting Standard International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) by the International Accounting Standards Board in May 2023.

**Impact**

This standard will not apply to most directorates and territory authorities as they do not have to account for Income Taxes.

### AASB 2023-3 Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2 (appl. 1 January 2024)

**Background**

AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* and AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants* amended AASB 101 *Presentation of Financial Statements* to improve the information an agency provides in its financial statements about liabilities arising from loan arrangements for which the entity’s right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement (often referred to as ‘covenants’). Consistent with the amendments made by AASB 2020-1 and AASB 2022-6 for Tier 1 reporting requirements, this Standard amends AASB 1060 to:

(a) clarify that a liability is classified as non-current if an entity has the right at the reporting date to defer settlement of the liability for at least twelve months after the reporting date;

(b) clarify the reference to settlement of a liability by the issue of equity instruments in classifying liabilities; and

(c) require the disclosure of information that enables users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

**Impact**

This standard will not apply to most directorates and territory authorities. This is because the changes in AASB 1060 relate to Tier 2 reporting, and it is ACT Disclosure Policy that agencies which are consolidated into the Whole-of-Government financial statements are not allowed to adopt Tier 2 reporting.

## Relevant Standards Whose Financial Impact is currently being assessed

The following standard is considered relevant to most ACT Government agencies, however the financial impact of the standard will need to be assessed by ACT Government agencies.

### AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities (appl. 1 January 2024)

**Background**

This Standard amends AASB 13, including adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. Specifically, for such an asset, this Standard:

(a) specifies that the entity is required to consider whether the asset’s highest and best use differs from its current use only when, at the measurement date, it is:

(i) classified as held for sale or held for distribution to owners in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations; or

(ii) highly probable that the asset will be used for an alternative purpose to its current use;

(b) clarifies that the asset’s use is ‘financially feasible’ if market participants would be willing to invest in the asset’s service capacity, considering both the capability of the asset to be used to provide needed goods or services to beneficiaries and the resulting cost of those goods or services;

(c) specifies that, if both the market selling price of a comparable asset and some market participant data required to measure the fair value of the asset are not observable, an entity uses its own assumptions as a starting point in developing unobservable inputs and adjusts those assumptions to the extent that reasonably available information indicates that other market participants (including, but not limited to, other not-for-profit public sector entities) would use different data; and

(d) provides guidance on how the cost approach is to be applied to measure the asset’s fair value, including guidance on the nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence.

**Impact**

Agencies need to determine the impact, if any, of AASB 2022-10 on the fair value measurement of their non-financial assets. The Financial Reporting and Framework Branch in ACT Treasury will work with agencies as necessary in the 2023‑24 financial year to assist in determining the impact of this standard. Agencies can also discuss the impact of this standard with their valuers where relevant.

At this stage it is recommended that agencies disclose that they are still assessing the impact of this standard, unless they have already undertaken an assessment and have determined and documented the impact. Example wording that agencies can adopt to say that they are currently assessing the impact of this standard is included in Attachment A below.

# ATTACHMENT A – 2022-23 Model Financial Statement Disclosures for STANDARDS ISSUED BUT YET TO BE APPLIED

**Background**

There is one standard (AASB 2022-10) whose financial impact has not yet been assessed and therefore this fact has been included in the disclosure below. All other standards which have been issued but are yet to be applied are either not applicable or will not have a material financial impact to most directorates and territory authorities. As such, none of these other standards have been included in the example disclosure below.

**Agencies should adopt the example Note 3 disclosure in this paper rather than the Note 3 disclosure in the Model.** **This is because the example disclosure included below in this paper has been updated from that included in the 2022-23 Model Financial Statements.** In addition, where an agency has assessed that there is one or more standards issued but yet to be applied that will apply to that agency and will have a material financial impact then the below Note 3 disclosure must be tailored to include the details of the standard(s) that are applicable to that agency. Further, if there is another standard (other than AASB 2022-10 included in the Note 3 disclosure below) whose financial impact has not yet been assessed, this should also be included in that agency’s Note 3 disclosure.

The disclosure below is applicable to ‘Burley Griffin Agency’. A complete list of standards for the consideration of each agency can be found in Section 3 of this paper.

**EXAMPLE DISCLOSURE**

|  |  |
| --- | --- |
| **Reference** | **NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED** |
| AASB 101.10(e) | The information below applies to both the Controlled and Territorial financial statements. |
| AASB 108.30 & 31 | All Australian Accounting Standards and Interpretations issued but yet to be applied are applicable to future reporting periods and will be adopted from their application date, except for part of AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure to Accounting Policies and Definitions of Accounting Policies and Definition of Accounting Estimates* which was early adopted last financial year (ie in 2021-22). |
|  | Standards and Interpretations issued but yet to be applied have been assessed as not being relevant to ‘Burley Griffin Agency’ or will have an immaterial financial impact on ‘Burley Griffin Agency’. However, ‘Burley Griffin Agency’ is currently assessing whether AASB 2022-10 will have a material financial impact on the agency. |
|  | AASB 2022-10 amends AASB 13 by adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector agencies not held primarily for their ability to generate net cash inflows. The standard now: |
|  | (a) specifies that agencies are required to consider whether the asset’s highest and best use differs from its current use only when it is held for sale or held for distribution to owners in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or it is highly probable that the asset will be used for an alternative purpose to its current use; |
|  | (b) clarifies that the asset’s use is ‘financially feasible’ if market participants would be willing to invest in the asset’s service capacity, considering both the capability of the asset to be used to provide needed goods or services to beneficiaries and the resulting cost of those goods or services; |
|  | (c) specifies that, if both the market selling price of a comparable asset and some market participant data required to measure the fair value of the asset are not observable, an agency uses its own assumptions as a starting point in developing unobservable inputs and adjusts those assumptions to the extent that reasonably available information indicates that other market participants (including, but not limited to, other not-for-profit public sector agencies) would use different data; and |
|  | (d) provides guidance on how the cost approach is to be applied to measure the asset’s fair value, including guidance on the nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence. |
|  | Commentary – Note 3: Impact of Accounting Standards Issued but yet to be Applied |
|  | The above example disclosure and this associated commentary is to assist agencies to make the necessary disclosures in their financial statements. Agencies should make their own assessment on the impact and relevance of the standards, bearing in mind that they should only disclose those standards and amending standards that are expected to have a material impact on them or where they have not yet assessed their impact. |
|  | Where ‘Standards Issued but Yet to be Applied’ are not applicable to agencies (e.g. AASB 129 *Financial Reporting in Hyperinflationary Economies*), or if applicable, will not have a material financial effect, these standards do not have to be individually listed in this note. |
|  | The disclosure wording included in this note is currently being reviewed by the Financial Reporting and Framework Branch, and updated wording to be included in this note will be provided to agencies in AADP 308 *ACT Accounting Disclosure Paper on the AASB Standards Issued but yet to be Applied* which will be released in June this year. This updated wording should be adopted, where appropriate, rather than the wording included in the Model. |
|  | It is recommended that agencies review all the standards issued but yet to be applied to ensure these standards do not apply to them or they do not have a material financial impact. |

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Chief Minister, Treasury and Economic Development Directorate

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