

Accounting and reporting pronouncements applicable to the 2022-23 reporting period (April 2023)

FRD 120

Purpose	1.1 To advise the accounting and reporting pronouncements that are applicable to departments and public bodies for the relevant reporting period.
Application	2.1 Applies to any ‘department’ or ‘public body’ as defined under section 3 of the <i>Financial Management Act 1994</i> .
Operative date	3.1 Annual reporting periods commencing on or after 1 July 2022. This FRD supersedes FRD 120 <i>Accounting and Reporting Pronouncements Applicable to 2021-22 Reporting Period (April 2022)</i> .
Requirements	4.1 Entities are required to apply all the relevant Australian accounting and reporting pronouncements listed in Appendix 1. Each new or revised accounting standard is effective from its mandatory application date unless the Assistant Treasurer has directed or given written permission for early adoption as permitted under FRD 7 <i>Early Adoption of Authoritative Accounting Pronouncements</i> . Appendix 1 lists the Conceptual Framework for Financial Reporting, Australian Accounting Standards, AASB Interpretations, Standing Directions and Financial Reporting Directions that are applicable to the 2022-23 reporting period. Appendix 2 lists new accounting standards and interpretations that have been issued but not yet effective that could be significant for public sector entities. In accordance with paragraphs 30 and 31 of AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> , entities are required to disclose the nature and possible impact of newly issued but not yet effective pronouncements. This disclosure is only required for pronouncements that are particularly relevant and applicable to the entity.

FRD 120**Accounting and reporting
pronouncements applicable to the
2022-23 reporting period (April 2023)**

Guidance

- 5.1 When an entity has not applied a new accounting standard that has been issued but is not yet effective, paragraph 30 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires the entity to disclose:
- (a) this fact; and
 - (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Australian Accounting Standard will have on the entity's financial statements in the period of initial application.

AASB 108.31 provides further guidance on this requirement.

Appendix 2 is provided to assist entities in preparing their disclosure of issued but not yet effective Australian accounting and reporting pronouncements in the note to their financial reports. Entities should assess and disclose the potential impact of these pronouncements on their own financial report based on their specific circumstances.

The following guidance paper is published separately, and provides further assistance with the use of this Direction in specific circumstances:

- Guidance note to FRD 120 *Australian Accounting Standards applicable for For-Profit and Not-for-Profit entities*.
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Appendix 1

Australian accounting and reporting pronouncements applicable for the reporting period 1 July 2022 to 30 June 2023

Framework	Issued/Amended ¹	Conceptual framework title
CF	Jun 2014	Framework for the Preparation and Presentation of Financial Statements
SAC 1	Aug 1990	Definition of the Reporting Entity

AASB	Issued/Amended ¹	Title of Australian Accounting Standard
1	Dec 2022	First-time Adoption of Australian Accounting Standards ³
2	Dec 2021	Share-based Payment ¹
3	Jun 2020	Business Combinations ¹
4	Sep 2020	Insurance Contracts ^{1,2}
5	Dec 2022	Non-current Assets Held for Sale and Discontinued Operations
6	Mar 2020	Exploration for and Evaluation of Mineral Resources ¹
7	Dec 2021	Financial Instruments: Disclosures
8	Mar 2020	Operating Segments ¹
9	Dec 2021	Financial Instruments
10	Dec 2021	Consolidated Financial Statements
11	Feb 2018	Joint Arrangements
12	Mar 2020	Disclosure of Interests in Other Entities
13	Mar 2020	Fair Value Measurement
14	Dec 2021	Regulatory Deferral Accounts ¹
15	May 2020	Revenue from Contracts with Customers
16	Dec 2021	Leases ²
17	Mar 2022	Insurance Contracts ²
101	Dec 2021	Presentation of Financial Statements
102	Dec 2021	Inventories
107	Dec 2022	Statement of Cash Flows
108	Mar 2021	Accounting Policies, Changes in Accounting Estimates and Errors
110	Mar 2020	Events after the Reporting Period
112	Jun 2021	Income Taxes
116	Dec 2022	Property, Plant and Equipment
119	Dec 2021	Employee Benefits
120	Mar 2020	Accounting for Government Grants and Disclosure of Government Assistance ¹
121	Mar 2020	The Effects of Changes in Foreign Exchange Rates
123	Mar 2020	Borrowing Costs
124	Mar 2020	Related Party Disclosures
127	Dec 2021	Separate Financial Statements
128	Dec 2021	Investments in Associates and Joint Ventures
129	Mar 2020	Financial Reporting in Hyperinflationary Economies ¹

AASB	Issued/Amended¹	Title of Australian Accounting Standard
132	May 2019	Financial Instruments: Presentation
133	Mar 2020	Earnings per Share ¹
134	Dec 2022	Interim Financial Reporting ¹
136	Dec 2022	Impairment of Assets
137	Dec 2021	Provisions, Contingent Liabilities and Contingent Assets
138	Mar 2020	Intangible Assets
140	Dec 2021	Investment Property ¹
141	Jun 2020	Agriculture
1004	Mar 2020	Contributions
1023	Dec 2022	General Insurance Contracts ^{1,2}
1038	Dec 2021	Life Insurance Contracts ^{1,2}
1039	Dec 2016	Concise Financial Reports ¹
1048	Dec 2020	Interpretation of Standards
1049	Dec 2019	Whole of Government and General Government Sector Financial Reporting
1050	Mar 2020	Administered Items
1051	Mar 2020	Land Under Roads
1052	Dec 2021	Disaggregated Disclosures
1053	May 2022	Application of Tiers of Australian Accounting Standards
1054	Dec 2022	Australian Additional Disclosures
1055	Mar 2020	Budgetary Reporting
1056	May 2019	Superannuation entities ¹
1057	Jun 2022	Application of Australian Accounting Standards
1058	Dec 2022	Income of Not-for-Profit Entities
1059	Dec 2021	Service Concession Arrangements: Grantors
1060	Dec 2021	General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities ¹

Notes:

1. This standard may not be relevant to some or all Victorian public sector entities.
2. AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* will continue to be applicable until AASB 17 *Insurance Contracts* becomes effective for the public sector on or after 1 July 2026

Interpretation	Issued/Amended¹	Title of AASB Interpretation
1	Feb 2016	Changes in Existing Decommissioning, Restoration and Similar Liabilities
2	Dec 2021	Members' Shares in Co-operative Entities and Similar Instruments ¹
5	Dec 2021	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds ¹
6	Aug 2015	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment ¹
7	Aug 2015	Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies ¹
10	Aug 2015	Interim Financial Reporting and Impairment
12	May 2019	Service Concession Arrangements ¹
14	Aug 2015	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
16	May 2019	Hedges of a Net Investment in a Foreign Operation ¹

<i>Interpretation</i>	<i>Issued/Amended¹</i>	<i>Title of AASB Interpretation</i>
17	Dec 2021	Distributions of Non-cash Assets to Owners ¹
19	May 2019	Extinguishing Financial Liabilities with Equity Instruments
20	May 2019	Stripping Costs in the Production Phase of a Surface Mine ¹
21	Aug 2015	Levies
22	May 2019	Foreign Currency Transactions and Advance Consideration ¹
23	Dec 2021	Uncertainty over Income Tax Treatments
107	Aug 2015	Introduction of the Euro ¹
110	Aug 2015	Government Assistance – No Specific Relation to Operating Activities
125	Aug 2015	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
129	Dec 2021	Service Concession Arrangements: Disclosures
132	Dec 2021	Intangible Assets – Web Site Costs
1003	May 2019	Australian Petroleum Resource Rent Tax ¹
1019	May 2019	The Superannuation Contributions Surcharge ¹
1030	Dec 2013	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
1031	May 2019	Accounting for the Goods and Services Tax (GST)
1038	May 2019	Contributions by Owners Made to Wholly-Owned Public Sector Entities
1047	May 2019	Professional Indemnity Claims Liabilities in Medical Defence Organisations ¹
1052	Dec 2021	Tax Consolidation Accounting ¹
1055	Dec 2013	Accounting for Road Earthworks

Notes:

1. The issued/amended dates incorporate compilations and amendments (including editorial changes) made to the Accounting Standards/Conceptual Framework.
2. This Interpretation may not be relevant to some or all Victorian public sector entities.

Standard Directions

Standard Directions 2018 was last revised in December 2022. Further detail on the changes are included on page iii of amended Standing Directions.

<i>FRD</i>	<i>Issued/Amended¹</i>	<i>Financial Reporting Directions</i>
3	Apr 2022	Accounting for Dividends
7	Apr 2022	Early adoption of authoritative accounting pronouncements
8	Apr 2022	Consistency of budget and departmental reporting
9	Apr 2022	Departmental disclosure of administered assets and liabilities by activity
10	Apr 2022	Disclosure index
11	Apr 2022	Disclosure of ex-gratia expenses
12	Apr 2022	Disclosure of major contracts
13	Apr 2022	Disclosure of Parliamentary Appropriations
15	Apr 2022	Executive officer disclosures in the Report of Operations by departments
17	Apr 2022	Wage Inflation and Discount Rates for Employee Benefits

FRD	Issued/Amended ¹	Financial Reporting Directions
21	Apr 2022	Disclosures of responsible persons and executive officers in the financial report
22	Apr 2023	[Standard disclosures in the Report of Operations]
24	Apr 2022	Reporting of environmental data by government entities
25	Apr 2022	Local Jobs Disclosures in the Report of Operations
27	Apr 2022	Presentation and reporting of performance information
29	Apr 2022	Workforce data disclosures in the Report of Operations – public service employees
30	Apr 2022	Standard requirements for the publication of annual reports
100	Apr 2022	Financial Reporting Directions – framework
102	Apr 2022	Inventories
103	Apr 2022	Non-financial physical assets
105	Apr 2022	Borrowing costs
106	Apr 2022	Impairment of assets
107	Apr 2022	Investment properties
108	Aug 2022	Classification of entities as for-profit
109	Apr 2022	Intangible assets
110	Apr 2022	Cash flow statements
112	Apr 2022	Defined Benefit Superannuation Obligations
113	Apr 2022	Investments in Subsidiaries, Joint Ventures and Associates in Separate Financial Statements
114	Apr 2022	Financial instruments
117	Apr 2022	Contributions of existing non-financial assets to third parties
118	Apr 2022	Land under declared roads
119	Apr 2022	Transfers through contributed capital
120	Apr 2023	Accounting and reporting pronouncements applicable to the 2022-23 reporting period
121	Mar 2020	Transitional requirements on the application of AASB 15 <i>Revenue from Contracts with Customers</i>
122	Mar 2020	Transitional requirements on the application of AASB 1058 <i>Income of Not-for-Profit Entities</i>
123	Mar 2020	Transitional requirements on the application of AASB 16 <i>Leases</i>
124	Jun 2020	Transitional requirements on the application of AASB 1059 <i>Service Concession Arrangements: Grantors</i>

Note:

1. The issued/amended dates incorporate the removal of the alphabetic designations and editorial changes made to the Directions.

Appendix 2

Issued but not yet effective Australian accounting and reporting pronouncements

The table below is provided to assist entities in updating their disclosure in relation to the Australian Accounting Standards that have been issued but not yet effective for 2022-23 in accordance with paragraph 30 of AASB 108. This disclosure needs to be included in the notes to financial statements where the impact of the new accounting standard(s) is expected to be material. Entities need to review the relevance of the proposed disclosure below based on their specific circumstances.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
<p>AASB 2022-10 <i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i></p>	<p>AASB 2022-10 amends AASB 13 <i>Fair Value Measurement</i> by adding authoritative implementation guidance and 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.</p> <p>The Standard:</p> <ul style="list-style-type: none"> specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> or if it is highly probable that it will be used for an alternative purpose; clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services; specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and 	<p>1 January 2024</p>	<p>(Insert entity's impact statement)</p>

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
	identification of economic obsolescence.		
AASB 17 <i>Insurance Contracts</i>	AASB 17 replaces AASB 4 <i>Insurance Contracts</i> , AASB 1023 <i>General Insurance Contracts</i> and AASB 1038 <i>Life Insurance Contracts</i> for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.	1 July 2026	(Insert entity's impact statement)
AASB 2022-8 <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i>	AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.		
AASB 2022-9 <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026.		
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	AASB 2020-1 amended AASB 101 <i>Presentation of Financial Statements</i> to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2022.	1 January 2023	(Insert entity's impact statement)
AASB 2022-6 <i>Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants</i>	AASB 2020-6 subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.		
	AASB 2022-6 amends and clarifies the requirements contained in AASB 2020-1. Among other things, it:		
	<ul style="list-style-type: none"> clarifies that only those covenants that an entity must comply with at or before the reporting date affect a liability's classification as current or non-current; and requires additional disclosures for non-current liabilities that are subject to an entity complying with covenants within twelve months after the reporting date. 		

<i>Standard/ Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
	AASB 2022-6 applies to annual reporting periods beginning on or after 1 January 2023.		
<i>AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i>	AASB 2022-5 amends AASB 16 <i>Leases</i> to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements for sale in AASB 15 <i>Revenue from Contracts with Customers</i> .	1 January 2024	(Insert entity's impact statement)
	The amendments ensure that a seller-lessee subsequently remeasures lease liabilities arising from a leaseback in a way that does not recognise any amount of gain or loss that related to the right of use it retains.		

In addition to the new standards and amendments above, the AASB has issued a number of other amending standards that are not effective for the 2022-23 reporting period. These standards are not expected to have any significant impact on public sector entities and thus have not been included in the table.