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| FRD 120N |  |  | Accounting and Reporting Pronouncements Applicable to the  2019-20 Reporting Period (June 2020) |
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| Purpose |  |  | To advise the accounting and reporting pronouncements that are applicable to departments and public bodies for the relevant reporting period. |
| Application |  |  | Applies to any ‘department’, or ‘public body’ as defined under section 3 of the *Financial Management Act 1994*. |
| Operative date |  |  | Annual reporting periods commencing on, or after, 1 July 2019.  FRD 120M *Accounting and Reporting Pronouncements Applicable to 2018-19 Reporting Period* is superseded and withdrawn effective 1 July 2019. |
| Requirements |  |  | To apply relevant Australian accounting and reporting pronouncements as listed in Appendix 1. Each new or revised accounting standard is effective from its application date unless the Assistant Treasurer has directed or given written permission for early adoption as permitted under FRD 7B *Early Adoption of Authoritative Accounting Pronouncements*. Appendix 1 lists the conceptual framework, Australian Accounting Standards, AASB Interpretations, Standing Directions and Financial Reporting Directions that are applicable to the 2019-20 reporting period. |
| Guidance |  |  | 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:   * + 1. this fact; and     2. 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 their ‘Summary of Significant Accounting Policies’ note of their financial reports. Entities should assess and disclose the potential impact of these pronouncements to their own financial statements based on their own 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 120N *Australian Accounting Standards applicable for For-Profit and Not-for-Profit entities.* |

# Appendix 1

## Currently effective Australian accounting and reporting pronouncements

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| Framework | Issued/Amended1 | Conceptual framework title |
| CF | Jun 2014 | Framework for the Preparation and Presentation of Financial Statements |
| SAC 1 | Aug 1990 | Definition of the Reporting Entity |

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| AASB | Issued/Amended1 | Australian Accounting Standards Board’s Standards (AASB) title | |
| 1 | Dec 2018 | First-time Adoption of Australian Accounting Standards6 |
| 2 | Dec 2017 | Share-based Payment2 |
| 3 | Feb 2018 | Business Combinations2,6 |
| 4 | Jul 2017 | Insurance Contracts2,6 |
| 5 | Aug 2015 | Non-current Assets Held for Sale and Discontinued Operations |
| 6 | Aug 2015 | Exploration for and Evaluation of Mineral Resources2 |
| 7 | Dec 2017 | Financial Instruments: Disclosures |
| 8 | Nov 2015 | Operating Segments2 |
| 9 | Dec 2017 | Financial Instruments6 |
| 10 | Dec 2017 | Consolidated Financial Statements |
| 11 | Feb 2018 | Joint Arrangements |
| 12 | Feb 2017 | Disclosure of Interests in Other Entities |
| 13 | Feb 2016 | Fair Value Measurement |
| 14 | Jun 2014 | Regulatory Deferral Accounts2 |
| 15 | Sep 2018 | Revenue from Contracts with Customers3,6 |
| 16 | Dec 2018 | Leases3,6 |
| 101 | Dec 2017 | Presentation of Financial Statements |
| 102 | Dec 2016 | Inventories |
| 107 | Mar 2016 | Statement of Cash Flows |
| 108 | Aug 2015 | Accounting Policies, Changes in Accounting Estimates and Errors |
| 110 | Dec 2017 | Events after the Reporting Period |
| 112 | Feb 2018 | Income Taxes6 |
| 116 | Dec 2016 | Property, Plant and Equipment |
| 119 | Mar 2018 | Employee Benefits |
| 120 | Aug 2015 | Accounting for Government Grants and Disclosure of Government Assistance |
| 121 | Feb 2016 | The Effects of Changes in Foreign Exchange Rates |
| 123 | Feb 2018 | Borrowing Costs |
| 124 | Jul 2015 | Related Party Disclosures |
| 127 | Aug 2015 | Separate Financial Statements |
| 128 | Dec 2017 | Investments in Associate and Joint Ventures |
| 129 | Aug 2015 | Financial Reporting in Hyperinflationary Economies2 |
| 132 | Dec 2016 | Financial Instruments: Presentation |
| 133 | Nov 2015 | Earnings per Share2 |
| 134 | Dec 2017 | Interim Financial Reporting2 |
| 136 | Dec 2016 | Impairment of Assets6 |
| 137 | Dec 2016 | Provisions, Contingent Liabilities and Contingent Assets |
| 138 | Jul 2017 | Intangible Assets |
| 139 | Aug 2015 | Financial Instruments: Recognition and Measurement |
| 140 | Feb 2017 | Investment Property2 |
| 141 | Dec 2016 | Agriculture |
| 1004 | Dec 2016 | Contributions4 |
| 1023 | Dec 2017 | General Insurance Contracts2 |
| 1038 | Dec 2013 | Life Insurance Contracts2 |
| 1039 | Jan 2015 | Concise Financial Reports2 |
| 1048 | Dec 2017 | Interpretation of Standards |
| 1049 | Mar 2015 | Whole of Government and General Government Sector Financial Reporting6 |
| 1050 | Dec 2013 | Administered Items |
| 1051 | Dec 2013 | Land Under Roads |
| 1052 | Jun 2014 | Disaggregated Disclosures |
| 1053 | Jan 2015 | Application of Tiers of Australian Accounting Standards |
| 1054 | Jan 2015 | Australian Additional Disclosures6 |
| 1055 | Dec 2013 | Budgetary Reporting |
| 1056 | Jun 2014 | Superannuation entities2 |
| 1057 | Dec 2016 | Application of Australian Accounting Standards |
| 1058 | Dec 2018 | Income of Not-for-Profit Entities3,6 |
| 1059 | Oct 2018 | Service Concession Arrangements: Grantors5,6 |

Notes:

1. The issued/amended dates incorporate compilations and amendments (including editorial changes) made to the Accounting Standards/Conceptual Framework.

2. This standard may not be relevant to all Victorian public sector entities.

3. This standard has become operative for reporting periods beginning on or after 1 January 2019.

4. Government grants and other types of contributions contained within AASB 1004 *Contributions* has been replaced by AASB 1058 *Income of Not-for-Profit Entities* for periods beginning on or after 1 January 2019. AASB 1004 is now restricted to contributions by owners in a public-sector context.

5 AASB 1059 applies to annual periods beginning on or after 1 January 2020, with earlier application permitted. The State has early adopted the standard and it will be applied to annual periods beginning on or after 1 January 2019.

6 The AASB have issued relevant amending pronouncements that affect this standard that, as at 1 June 2020, were yet to be fully compiled. Entities should refer to the AASB website for these.

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| AI | Issued/Amended1 | Australian Accounting Standards Board’s Standards (AASB) title |
| 1 | Jul 2015 | Changes in Existing Decommissioning, Restoration and Similar Liabilities | |
| 2 | Jul 2015 | Members’ Shares in Co-operative Entities and Similar Instruments2 | |
| 5 | Aug 2015 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | |
| 6 | Aug 2015 | Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment | |
| 7 | Aug 2015 | Applying the Restatement Approach under AASB 129 *Financial Reporting in Hyperinflationary Economies* | |
| 10 | Aug 2015 | Interim Financial Reporting and Impairment | |
| 12 | Aug 2015 | Service Concession Arrangements2 | |
| 14 | Aug 2015 | AASB 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* | |
| 16 | Aug 2015 | Hedges of a Net Investment in a Foreign Operation2 | |
| 17 | Aug 2015 | Distributions of Non-cash Assets to Owners2 | |
| 19 | Aug 2015 | Extinguishing Financial Liabilities with Equity Instruments | |
| 20 | Aug 2015 | Stripping Costs in the Production Phase of a Surface Mine2 | |
| 21 | Aug 2015 | Levies | |
| 22 | Feb 2017 | Foreign Currency Transactions and Advance Consideration2 | |
| 23 | Jul 2017 | Uncertainty over Income Tax Treatments | |
| 107 | Aug 2015 | Introduction of the Euro2 | |
| 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 | Aug 2015 | Service Concession Arrangements: Disclosures | |
| 132 | Oct 2015 | Intangible Assets – Web Site Costs | |
| 1003 | Dec 2013 | Australian Petroleum Resource Rent Tax2 | |
| 1019 | Dec 2013 | The Superannuation Contributions Surcharge2 | |
| 1030 | Dec 2013 | Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods | |
| 1031 | Dec 2013 | Accounting for the Goods and Services Tax (GST) | |
| 1038 | Dec 2013 | Contributions by Owners Made to Wholly-Owned Public Sector Entities | |
| 1047 | Dec 2013 | Professional Indemnity Claims Liabilities in Medical Defence Organisations2 | |
| 1052 | Dec 2013 | Tax Consolidation Accounting2 | |
| 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 Victorian public sector entities.

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| --- | --- | --- |
| SD | Issued/Amended1 | Standing Directions 2018 Under the Financial Management Act 1994 |
| 1 | Dec 2019 | Purpose and application | |
| 2 | Dec 2019 | Roles and responsibilities | |
| 3 | Dec 2019 | Governance | |
| 4 | Dec 2019 | Delivering services | |
| 5 | Dec 2019 | Compliance and reporting | |

Note:

1. The issued/amended dates incorporate amendments (including editorial changes) made to the Standing Directions. Further detail on the changes to sections of the Standing Directions are included on page iii of each of the Standing Directions.

|  |  |  |  |
| --- | --- | --- | --- |
| FRD | Issued/Amended | Financial Reporting Directions |  |
| 3A | Nov 2005 | Accounting for dividends |
| 7B | January 2016 | Early adoption of authoritative accounting pronouncements |
| 8D | January 2016 | Consistency of budget and departmental reporting |
| 9B | May 2017 | Departmental disclosure of administered assets and liabilities by activity |
| 10A | January 2016 | Disclosure index |
| 11A | June 2013 | Disclosure of ex-gratia expenses |
| 12B | June 2016 | Disclosure of major contracts |
| 13 | November 2015 | Disclosure of Parliamentary appropriations |
| 14 | November 2005 | Disclosures in annual reports by public sector superannuation schemes |
| 15E | February 2018 | Executive officer disclosures in the Report of Operations by departments |
| 17B | May 2014 | Wage Inflation and Discount Rates for Employee Benefits |
| 21C | May 2017 | Disclosures of responsible persons and executive officers in the financial report |
| 22H | May 2017 | Standard disclosures in the Report of Operations |
| 24D | May 2018 | Reporting of office-based environmental data by government entities |
| 25D | April 2019 | Local Jobs Disclosures in the Report of Operations |
| 27C | May 2014 | Presentation and reporting of performance information |
| 29C | February 2018 | Workforce data disclosures in the Report of Operations – public service employees |
| 30D | September 19 | Standard requirements for the publication of annual reports |
| 100A | June 2016 | Financial Reporting Directions – framework |
| 102A | July 2016 | Inventories |
| 103H | June 2020 | Non-financial physical assets |
| 105B | June 2016 | Borrowing costs |
| 106B | May 2018 | Impairment of assets |
| 107B | June 2016 | Investment properties |
| 108C | May 2017 | Classification of entities as For-profit |
| 109A | June 2020 | Intangible assets |
| 110A | June 2016 | Cash flow statements |
| 112D | May 2014 | Defined Benefit Superannuation Obligations |
| 113A | June 2015 | Investments in Subsidiaries, Joint Ventures and Associates in Separate Financial Statements |
| 114C | May 2019 | Financial instruments |
| 117A | June 2016 | Contributions of existing non-financial assets to third parties |
| 118C | June 2016 | Land under declared roads |
| 119A | May 2019 | Transfers through contributed capital |
| 120N | June 2020 | Accounting and reporting pronouncements applicable to the 2019-20 reporting period |
| 121 | April 2020 | Transitional requirements on the application of AASB 15 *Revenue from Contracts with Customers* |
| 122 | April 2020 | Transitional requirements on the application of AASB 1058 *Income of Not-for-Profit Entities* |
| 123 | April 2020 | Transitional requirements on the application of AASB 16 *Leases* |
| 124 | June 2020 | Transitional requirements on the application of AASB 1059 *Service Concession Arrangements: Grantors* |

# 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 are issued but not yet effective for 2019-20 in accordance with paragraph 30 of AASB 108. This disclosure should be included in the *Summary of Significant Accounting Policies* note of entities’ financial reports where the impact of the new accounting standard(s) are expected to have a material impact. Entities are expected to review the relevance of the proposed disclosure based on their own circumstances.

|  |  |  |  |
| --- | --- | --- | --- |
| Standard/ Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
| AASB 17 *Insurance Contracts* | The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.  This standard currently does not apply to the not-for-profit public sector entities. | 1 January 2021 | The assessment has indicated that there will be no significant impact for the public sector. |
| AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material* | This Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. | 1 January 2020 | The standard is not expected to have a significant impact on the public sector. |
| AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* | This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period 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. | 1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023. | The standard is not expected to have a significant impact on the public sector. |

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

* AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business.*
* AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework.*
* AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.*
* AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*
* 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.*
* AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
* AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*
* *Conceptual Framework for Financial Reporting*.[[1]](#footnote-1)

1. To be applied by For-Profit private sector entities. Application by other For-Profit entities is optional. [↑](#footnote-ref-1)