# Guidance to Financial Reporting Direction 120

**AASB reporting requirements for for-profit and not-for-profit entities in the Victorian Public sector**

|  |  |
| --- | --- |
|  | Standard is applicable |
| 🗴 | Standard is not applicable |
| NR | Standard is applicable but is not relevant to the entity |

The following table provides guidance on reporting requirements under Australian Accounting Standards applicable for for-profit entities (FP) and not-for-profit entities (NFP).

| *AASB*  | *Description* | *For-profit* | *Not-for-profit* |
| --- | --- | --- | --- |
| 1 | First-time Adoption of Australian Accounting Standards |  |  |
| 2 | Share-based Payment | NR | NR |
| 3 | Business Combinations |  |  |
| 4 | Insurance Contracts5 |  | NR |
| 5 | Non-current Assets Held for Sale and Discontinued Operations |  |  |
| 6 | Exploration for and Evaluation of Mineral Resources | 🗴 | 🗴 |
| 7 | Financial Instruments: Disclosures |  |  |
| 8 | Operating Segments | 🗴 | 🗴 |
| 9 | Financial Instruments |  |  |
| 10 | Consolidated Financial Statements |  |  |
| 11 | Joint Arrangements |  |  |
| 12 | Disclosure of Interests in Other Entities |  |  |
| 13 | Fair Value Measurement |  |  |
| 14 | Regulatory Deferral Accounts | NR | NR |
| 15 | Revenue from Contracts with Customers |   |   |
| 16 | Leases |  |  |
| 17 | Insurance Contracts[[1]](#footnote-1) | Applicable from reportingperiods beginning on or after1 January 2023 | The AASB is reviewing to replace AASB 1023 and AASB 1038 with this standard. |
| 101 | Presentation of Financial Statements |  |  |
| 102 | Inventories | The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred. | Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition. |
| 107 | Statement of Cash Flows | [[2]](#footnote-2) |  |
| 108 | Accounting Policies, Changes in Accounting Estimates and Errors |  |  |
| 110 | Events after the Reporting Period |  |  |
| 112 | Income Taxes | A deferred tax asset can arise on non-taxable government grant related to an asset. | A deferred tax asset does not arise on a non-taxable government grant related to an asset. |
| 116 | Property, Plant and Equipment | Revaluation increments and decrements are offset by individual asset. | Revaluation increments and decrements are offset by class of assets. |
| 119 | Employee Benefits | Employee benefit obligations shall be determined using market yields on high quality corporate bonds. | Employee benefit obligations shall be determined using market yields on government bonds. |
| 120 | Accounting for Government Grants and Disclosure of Government Assistance |  | 🗴 |
| 121 | The Effects of Changes in Foreign Exchange Rates | NR | NR |
| 123 | Borrowing Costs |  | [[3]](#footnote-3) |
| 124 | Related Party Disclosures |  |  |
| 127 | Separate Financial Statements |  |  |
| 128 | Investments in Associates and Joint Ventures |  |  |
| 129 | Financial Reporting in Hyperinflationary Economies | NR | NR |
| 132 | Financial Instruments: Presentation |  |  |
| 133 | Earnings per Share | NR | NR |
| 134 | Interim Financial Reporting |  | 🗴 |
| 136 | Impairment of Assets | Value in use is determined by the present value of future cash flows associated with asset. | Value in use shall be determined by current replacement cost. |
| Impairment loss on a revalued asset can be applied against revaluation reserve for the same asset. | Impairment loss on a revalued asset can be applied against revaluation reserve by class of assets. |
| 137 | Provisions, Contingent Liabilities and Contingent Assets |  |  |
| 138 | Intangible Assets | Revaluation increments and decrements are offset by individual asset. | Revaluation increments and decrements are offset by class of assets. |
| 140 | Investment Property |  |  |
| 141 | Agriculture[[4]](#footnote-4) |  |   |
| 1004 | Contributions[[5]](#footnote-5) | NR |  |
| 1023 | General Insurance Contracts[[6]](#footnote-6) |  |  |
| 1038 | Life Insurance Contracts6 |  | 🗴 |
| 1039 | Concise Financial Reports | 🗴 | 🗴 |
| 1048 | Interpretation of Standards |  |  |
| 1049 | Whole of Government and General Government Sector Financial Reporting |  |  |
| 1050 | Administered Items | NR |  |
| 1051 | Land Under Roads |  |  |
| 1052 | Disaggregated Disclosures |  |  |
| 1053 | Application of Tiers of Australian Accounting Standards |  |  |
| 1054 | Australian Additional Disclosures |  |  |
| 1055 | Budgetary Reporting | 🗴 |  |
| 1056 | Superannuation Entities | 🗴 | 🗴 |
| 1057 | Application of Australian Accounting Standards |  |  |
| 1058 | Income of Not-for-Profit Entities | 🗴 |   |
| 1059 | Service Concession Arrangements: Grantors7 |  |   |

1. 1 AASB 17 *Insurance Contracts* will supersede AASB 4 *Insurance Contracts* and will apply to the for-profit entities for periods beginning on or after 1 January 2023. [↑](#footnote-ref-1)
2. 2 Treasury Corporation of Victoria report their cash flows on a net basis as it satisfies the criteria in AASB 107.22. [↑](#footnote-ref-2)
3. 3 Under AASB 123 *Borrowing Costs*, NFP entities can elect to recognise borrowing cost as an expense regardless of how the borrowings are applied. However, FRD 105B *Borrowing costs* requires entities to expense all borrowing costs. [↑](#footnote-ref-3)
4. 4 For periods beginning on or after 1 January 2018, for-profit entity grants will need to be assessed under AASB 15 and other related accounting guidance. For periods beginning on or after 1 January 2019, the not-for-profit entities will need to assess and apply the appropriate accounting treatment under AASB 15, AASB 1058 and other related accounting standards. [↑](#footnote-ref-4)
5. 5 The majority of income recognition requirements in AASB 1004 have been superseded by AASB 15 and AASB 1058 for periods beginning on or after 1 January 2019. However, AASB 1004 retains the accounting requirements in relation to parliamentary appropriations by government departments, restructures of administrative arrangements for other government controlled NFP entities and contributions by owners and distributions to owners by whole of government and local government. [↑](#footnote-ref-5)
6. 6 AASB is reviewing to replace AASB 1023 and AASB 1038 with AASB 17 standard.

7 AASB 1059 applies to annual periods beginning on or after 1 January 2020, with earlier application permitted. The State early adopted the standard and was applied to annual periods beginning on or after 1 January 2019. [↑](#footnote-ref-6)