

Appendix D Amendments to other Standards

This appendix sets out the amendments to other Australian Accounting Standards that are a consequence of the AASB issuing this Standard.

The amendments set out in this appendix apply to entities and financial statements in accordance with the application of the Standards and Interpretations set out in AASB 1057 *Application of Australian Accounting Standards* (as amended).

The amendments apply to annual reporting periods beginning on or after 1 January 2019, except that the amendment to AASB 117 applies to periods beginning before 1 January 2019 if AASB 1058 is applied to an earlier period.

If an entity applies this Standard to an earlier period, it shall also apply these amendments to that earlier period. However, the AASB 1 and AASB 16 amendments are applied to an earlier period only if AASB 16 is also applied to that period.

Amendments are made to the latest principal version of a Standard (or an Interpretation), unless otherwise indicated. The amendments also apply, as far as possible, to earlier principal versions of the amended Standards and Interpretations when this Standard is applied for earlier periods, as necessary.

This appendix uses underlining, striking out and other typographical material to identify some of the amendments to a Standard or an Interpretation, in order to make the amendments more understandable. However, the amendments made by this appendix do not include that underlining, striking out or other typographical material. Amended paragraphs are shown with deleted text struck through and new text underlined. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

AASB 1 *First-time Adoption of Australian Accounting Standards* (July 2015)

In Appendix D, paragraphs AusD7.1, AusD9D.1 and AusD9D.2 are added. Paragraphs D5–D7, D9 and D9B–D9D have not been amended, but are included for ease of reference.

Deemed cost

- D5 An entity may elect to measure an item of property, plant and equipment at the date of transition to Australian Accounting Standards at its fair value and use that fair value as its deemed cost at that date.
- D6 A first-time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to Australian Accounting Standards as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to:
- (a) fair value; or
 - (b) cost or depreciated cost in accordance with Australian Accounting Standards, adjusted to reflect, for example, changes in a general or specific price index.
- D7 The elections in paragraphs D5 and D6 are also available for:
- (a) ...
 - (aa) right-of-use assets (AASB 16 *Leases*); and
 - (b) ...
- AusD7.1 Notwithstanding paragraphs D5–D7, where a lessee is a not-for-profit entity and the lease had at inception significantly below-market terms and conditions principally to enable the entity to further its objectives, the entity shall measure the right-of-use asset at fair value at the beginning of the current period presented in the entity’s first Australian-Accounting-Standards financial statements or at the previous GAAP valuation if that valuation broadly reflects that fair value.

...

Leases

- D9 A first-time adopter may assess whether a contract existing at the date of transition to Australian Accounting Standards contains a lease by applying paragraphs 9–11 of AASB 16 to those contracts on the basis of facts and circumstances existing at that date.
- D9B When a first-time adopter that is a lessee recognises lease liabilities and right-of-use assets, it may apply the following approach to all of its leases (subject to the practical expedients described in paragraph D9D):
- (a) measure a lease liability at the date of transition to Australian Accounting Standards. A lessee following this approach shall measure that liability at the present value of the remaining lease payments (see paragraph D9E), discounted using the lessee’s incremental borrowing rate (see paragraph D9E) at the date of transition to Australian Accounting Standards.
 - (b) measure a right-of-use asset at the date of transition to Australian Accounting Standards. The lessee shall choose, on a lease-by-lease basis, to measure that right-of-use asset at either:
 - (i) its carrying amount as if AASB 16 had been applied since the commencement date of the lease (see paragraph D9E), but discounted using the lessee’s incremental borrowing rate at the date of transition to Australian Accounting Standards; or
 - (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to Australian Accounting Standards.
 - (c) apply AASB 136 to right-of-use assets at the date of transition to Australian Accounting Standards.
- D9C Notwithstanding the requirements in paragraph D9B, a first-time adopter that is a lessee shall measure the right-of-use asset at fair value at the date of transition to Australian Accounting Standards for leases that meet the definition of investment property in AASB 140 and are measured using the fair value model in AASB 140 from the date of transition to Australian Accounting Standards.
- D9D A first-time adopter that is a lessee may do one or more of the following at the date of transition to Australian Accounting Standards, applied on a lease-by-lease basis:
- (a) ...
- AusD9D.1 Notwithstanding paragraphs D9B–D9D, where a lessee is a not-for-profit entity and the lease had at inception significantly below-market terms and conditions principally to enable the entity to further its objectives, all references in those paragraphs to the date of transition to Australian Accounting Standards shall be read as referring to the beginning of the current period presented in the entity’s first Australian-Accounting-Standards financial statements. Consequently, the entity shall measure the lease liability and the right-of-use asset at that date. The right-of-use asset shall be measured in accordance with paragraph AusD7.1.
- AusD9D.2 Where a lessee is a not-for-profit entity and the lease had at inception significantly below-market terms and conditions principally to enable the entity to further its objectives, the entity shall also recognise any related items in accordance with paragraph 9 of AASB 1058 *Income of Not-for-Profit Entities*. Any income arising shall be recognised as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at the beginning of the current period presented in the entity’s first Australian-Accounting-Standards financial statements.

AASB 15 Revenue from Contracts with Customers (December 2014)

In Appendix C, paragraph AusC2.1 is added.

- AusC2.1 In respect of not-for-profit entities, the reference in paragraph C2(b) to a completed contract also includes contracts for which the entity has recognised all of the revenue in accordance with AASB 1004 *Contributions*, or revenue in combination with a provision in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

AASB 16 Leases (February 2016)

Paragraph Aus25.1 and, in Appendix C, paragraphs AusC5.1, AusC5.2, AusC8.1 and AusC11.1 are added.

Aus25.1 Notwithstanding paragraphs 23–25, where the lessee is a not-for-profit entity and the lease has significantly below-market terms and conditions principally to enable the entity to further its objectives, the right-of-use asset shall initially be measured at fair value in accordance with AASB 13 *Fair Value Measurement*. AASB 1058 *Income of Not-for-Profit Entities* addresses the recognition of related amounts.

AusC5.1 Not-for-profit entities applying this Standard retrospectively in accordance with paragraph C5(a) to leases that at inception had significantly below-market terms and conditions principally to enable the entity to further its objectives shall:

- (a) measure the right-of-use asset at fair value;
- (b) measure the lease liability in accordance with this Standard; and
- (c) recognise any related items in accordance with paragraph 9 of AASB 1058 *Income of Not-for-Profit Entities*.

Any income arising shall be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest prior period presented.

AusC5.2 Notwithstanding paragraph AusC5.1, not-for-profit entities that adopted AASB 1058 in an earlier reporting period are not required to remeasure the fair value of the right-of-use asset arising from leases that (1) at inception had significantly below-market terms and conditions principally to enable the entity to further its objectives and (2) were previously classified as finance leases applying AASB 117. Instead, the entity shall transition those leases in accordance with paragraph C11, regardless of which transition option in paragraph C5 is applied.

AusC8.1 Not-for-profit entities applying this Standard retrospectively in accordance with paragraph C5(b) to leases that (1) at inception had significantly below-market terms and conditions principally to enable the entity to further its objectives and (2) were previously classified as operating leases applying AASB 117 shall:

- (a) notwithstanding paragraph C8(b), measure the right-of-use asset at fair value at the date of initial application of this Standard;
- (b) measure the lease liability in accordance with paragraph C8(a); and
- (c) recognise any related items in accordance with paragraph 9 of AASB 1058.

Any income arising shall be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application of this Standard.

AusC11.1 Subject to paragraph AusC5.2 and notwithstanding paragraph C11, not-for-profit entities applying this Standard retrospectively in accordance with paragraph C5(b) to leases that (1) at inception had significantly below-market terms and conditions principally to enable the entity to further its objectives and (2) were previously classified as finance leases applying AASB 117 shall:

- (a) measure the right-of-use asset at fair value at the date of initial application of this Standard;
- (b) measure the lease liability in accordance with this Standard; and
- (c) recognise any related items in accordance with paragraph 9 of AASB 1058.

Any income arising shall be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application of this Standard.

AASB 101 Presentation of Financial Statements (July 2015)

Paragraph Aus16.2 is deleted.

Aus16.2 [Deleted by the AASB]

AASB 102 Inventories (July 2015)

Paragraph Aus10.1 is amended and paragraph Aus10.2 is added.

- Aus10.1 **Notwithstanding paragraph 10 and subject to paragraph Aus10.2, in respect of not-for-profit entities shall initially measure the cost of inventories at current replacement cost where the consideration for those inventories is significantly less than fair value principally to enable the entity to further its objectives, 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. AASB 1058 Income of Not-for-Profit Entities addresses the recognition of related amounts.**
- Aus10.2 As a practical expedient, where a not-for-profit entity acquires inventory for consideration that is significantly less than fair value principally to enable the entity to further its objectives, the entity may elect to recognise an item of inventory based on an assessment of the materiality either of the individual item or of inventories at an aggregate or portfolio level.

AASB 112 Income Taxes (August 2015)

Paragraphs 4 and Aus33.1 are amended. Paragraph Aus4.1 is added.

- 4 This Standard does not deal with the methods of accounting for government grants (see AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* ~~or, for not-for-profit entities, AASB 1004 *Contributions*~~) or investment tax credits. However, this Standard does deal with the accounting for temporary differences that may arise from such grants or investment tax credits.
- Aus4.1 In respect of not-for-profit entities, AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers* address the accounting for government grants.
- ...
- Aus33.1 In respect of not-for-profit entities, a deferred tax asset will not arise on a non-taxable government grant relating to an asset. ~~For example, Under AASB 1004 *Contributions* under AASB 1058 *Income of Not-for-Profit Entities*, where a not-for-profit entity accounts for the receipt of non-taxable government grants as income rather than as deferred income when those grants are controlled by the entity. As such, a temporary difference does not arise.~~

AASB 116 Property, Plant and Equipment (August 2015)

Paragraph Aus15.2 is deleted, and paragraphs Aus15.1 and Aus15.3 are amended.

- Aus15.1 **Notwithstanding paragraph 15, in respect of not-for-profit entities, shall initially measure the cost of an item of property, plant and equipment at fair value in accordance with AASB 13 *Fair Value Measurement* where the consideration for the asset is significantly less than fair value principally to enable the entity to further its objectives where an asset is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. AASB 1058 *Income of Not-for-Profit Entities* addresses the recognition of related amounts.**
- Aus15.3 In respect of not-for-profit entities, for the purposes of this Standard, the initial recognition and measurement at fair value of an item of property, plant and equipment, acquired at no or nominal cost, consistent with the requirements of paragraph Aus15.1 in accordance with paragraph Aus15.1, does not constitute a revaluation. Accordingly, the revaluation requirements in paragraph 31, and the supporting commentary in paragraphs ~~32 to 34~~ 34 and 35, only apply where an entity elects to revalue an item of property, plant and equipment in subsequent reporting periods after its recognition.

Paragraph Aus6.2 in Appendix A *Australian defined terms* is amended.

- Aus6.2 Examples of property, plant and equipment held by not-for-profit public sector entities ~~and for-profit government departments~~ include, but are not limited to, infrastructure, cultural, community and heritage assets.

The scoping guidance to the Australian implementation guidance accompanying AASB 116 is amended.

Australian implementation guidance

This guidance accompanies, but is not part of, AASB 116. This guidance is pertinent to not-for-profit public sector entities ~~and for-profit government departments~~ that hold heritage or cultural assets.

AASB 117 Leases (August 2015)

The amendment to AASB 117 applies to periods beginning before 1 January 2019. This means that the amendment applies only if AASB 1058 is applied to an earlier period.

Paragraph Aus20.1 is added.

Aus20.1 Notwithstanding paragraph 20, the leased asset shall initially be measured at fair value in accordance with AASB 13 *Fair Value Measurement* where:

- (a) at inception the lease has significantly below-market terms and conditions principally to enable the lessee to further its objectives; and
- (b) the lessee applies AASB 1058 *Income of Not-for-Profit Entities* to the period.

AASB 1058 addresses the recognition of related amounts.

AASB 128 Investments in Associates and Joint Ventures (August 2015)

Paragraph Aus10.1 is added.

Aus10.1 Notwithstanding paragraph 10, not-for-profit entities shall initially measure the cost of an investment in an associate or joint venture at fair value in accordance with AASB 13 *Fair Value Measurement* where the consideration for the investment is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 *Income of Not-for-Profit Entities* addresses the recognition of related amounts.

AASB 138 Intangible Assets (August 2015)

Paragraph Aus24.1 is amended.

Aus24.1 Notwithstanding paragraph 24, ~~in respect of not-for-profit entities, where an asset is acquired at no cost, or for a nominal cost, shall initially measure~~ the cost of the asset at is its fair value as at the date of acquisition where the consideration for the asset is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 *Income of Not-for-Profit Entities* addresses the recognition of related amounts.

The footnote to paragraph 44 is amended.

AASB 120 only applies to for-profit entities. Not-for-profit entities shall initially measure the intangible asset at fair value where the consideration for the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives are required to recognise the intangible asset and the grant initially at fair value in accordance with AASB 1004 *Contributions*.

AASB 140 Investment Property (August 2015)

Paragraph Aus20.1 is amended.

Aus20.1 Notwithstanding paragraph 20, ~~in respect of not-for-profit entities, shall initially measure the cost of the asset at fair value in accordance with AASB 13 Fair Value Measurement where the consideration for the asset is significantly less than fair value principally to enable the entity to further its objectives where an investment property is acquired at no cost or for nominal cost, its cost shall be deemed to be its fair value as at the date of acquisition.~~ AASB 1058 Income of Not-for-Profit Entities addresses the recognition of related amounts.

AASB 141 Agriculture (August 2015)

Paragraph Aus38.1 is amended.

Aus38.1 Notwithstanding paragraphs 34-38, not-for-profit entities recognise shall account for government grants related to a biological asset in accordance with AASB 1004 Contributions AASB 1058 Income of Not-for-Profit Entities.

AASB 1004 Contributions (December 2007)

Paragraphs 1-5 are deleted and paragraph 6 is replaced.

6 The following table identifies which paragraphs are applicable to each type of entity to which this Standard applies:

Type of entity to which the paragraph is applicable	Content of paragraphs	Para No.
Government departments	Parliamentary appropriations	32
	Liabilities of government departments assumed by other entities	39 – 43A
	Contributions by owners and distributions to owners	48 – 53
	Restructure of administrative arrangements	54 – 59
Other government controlled not-for-profit entities	Restructure of administrative arrangements	54 – 59
Local governments and whole of governments	Contributions by owners and distributions to owners	48 – 53

Paragraphs 11-31, 33-38, 44-47 and 60-68 and the related headings and scoping guidance are deleted. Paragraph 32 is amended and scoping guidance added. The scoping guidance before paragraph 39 is amended. Paragraph 43A is added. Appendix B *Comparison of AASB 1004 with AAS 27, AAS 29 and AAS 31* accompanying AASB 1004 is deleted.

Parliamentary Appropriations to Government Departments

Paragraph 32 of this Standard applies only to government departments.

32 Parliamentary appropriations over which a government department gains control during the reporting period shall be recognised as:

- (a) ~~income of that reporting period where the appropriation:~~
 - (i) ~~satisfies the definition of income in the Framework for the Preparation and Presentation of Financial Statements (the Framework); and~~
 - (ii) ~~satisfies the recognition criteria for income;~~
- (b) a direct adjustment to equity where the appropriation satisfies the definition of a contribution by owners; ~~or~~
- (c) ~~a liability of the government department where the appropriation:~~

- (i) satisfies the definition of liabilities in the *Framework*; and
- (ii) satisfies the recognition criteria for liabilities in the *Framework*.

...

Liabilities of Government Departments Assumed by Other Entities

Paragraphs 39 to 43 43A of this Standard apply only to government departments.

...

- 43A A government department shall disclose liabilities that were assumed during the reporting period by the government or other entity.

Paragraphs 54–57 and the related scoping guidance are amended.

Restructure of Administrative Arrangements

Paragraphs 54 to 59 of this Standard apply only to government departments and other government controlled not-for-profit entities and ~~for-profit government departments~~.

- 54 In relation to a *restructure of administrative arrangements*, a government controlled not-for-profit transferor entity ~~or a for-profit government department transferor entity~~ shall recognise distributions to owners and a government controlled not-for-profit transferee entity ~~or a for-profit government department transferee entity~~ shall recognise contributions by owners in respect of assets transferred.
- 55 In relation to a *restructure of administrative arrangements*, a government controlled not-for-profit transferor entity ~~or a for-profit government department transferor entity~~ shall recognise contributions by owners and a government controlled not-for-profit transferee entity ~~or a for-profit government department transferee entity~~ shall recognise distributions to owners in respect of liabilities transferred.
- 56 When both assets and liabilities are transferred as a consequence of a *restructure of administrative arrangements*, a government controlled not-for-profit transferor entity ~~or a for-profit government department transferor entity~~ and a government controlled not-for-profit transferee entity ~~or a for-profit government department transferee entity~~ shall recognise a net contribution by owners or distribution to owners, as applicable.
- 57 When activities are transferred as a consequence of a *restructure of administrative arrangements*, a government controlled not-for-profit transferee entity ~~or a for-profit government department transferee entity~~ shall disclose the expenses and income attributable to the transferred activities for the reporting period, showing separately those expenses and items of income recognised by the transferor during the reporting period. If disclosure of this information would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.

AASB 1049 *Whole of Government and General Government Sector Financial Reporting (October 2007)*

In the Illustrative Examples accompanying AASB 1049, the explanatory notes supporting illustrative examples A and B are amended.

Explanatory Notes Supporting Illustrative Examples A and B

...

q Liabilities – Provisions

...

q(ii) ...

[Note: Depending on the arrangements operating in a particular jurisdiction, a GGS, as an income tax collector, may not be able to recognise revenue unless it meets the criteria in ~~AASB 1004 *Contributions*~~ *AASB 1058 *Income of Not-for-Profit Entities**. ...

AASB 1057 *Application of Australian Accounting Standards*

Paragraphs 6 and 11 are amended. Paragraph 20A is added.

- 6 AASB 8 *Operating Segments* applies to:
- (a) each for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
 - (b) general purpose financial statements of each other for-profit reporting entity ~~other than for-profit government departments~~; and
 - (c) financial statements of a for-profit entity ~~other than for-profit government departments~~ that are, or are held out to be, general purpose financial statements.
- ...
- 11 AASB 1004 *Contributions* applies to general purpose financial statements of local governments, government departments, other government controlled not-for-profit entities and whole of governments.:
- (a) ~~each not-for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act 2001 and that is a reporting entity;~~
 - (b) ~~general purpose financial statements of each other not-for-profit entity that is a reporting entity;~~
 - (c) ~~financial statements of not-for-profit entities that are, or are held out to be, general purpose financial statements; and~~
 - (d) ~~financial statements of CGSs prepared in accordance with AASB 1049.~~
- ...
- 20A AASB 1058 *Income of Not-for-Profit Entities* applies to:
- (a) each not-for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
 - (b) general purpose financial statements of each other not-for-profit entity that is a reporting entity; and
 - (c) financial statements of a not-for-profit entity that are, or are held out to be, general purpose financial statements.

Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities (December 2007)*

Paragraphs 3, 6, 19, 20 and 30 are amended.

ISSUE

- ...
- 3 This Interpretation addresses the essential characteristics of contributions by owners and provides indicators of when those characteristics exist. With one significant exception, it applies to parliamentary appropriations and other transfers to statutory authorities, government departments and government-owned corporations from other entities within the same group of entities but only where the transferee is wholly owned by the controlling government. The exception is that this Interpretation does not apply in respect of “restructures of administrative arrangements”, as defined in AASB 1004. In such cases the requirements in AASB 1004 apply, which means that government departments and other government controlled not-for-profit entities ~~and for-profit government departments~~ account for “restructures of administrative arrangements” as transactions with owners in their capacity as owners.
- ...

CONSENSUS

- 6 This Interpretation applies to transfers of assets, or assets and liabilities, to wholly-owned public sector entities from other entities within the same group of entities, other than:
- (a) ...
 - (b) transfers to or from government departments and other government controlled not-for-profit entities ~~or for-profit government departments~~ arising as a result of a “restructure of administrative arrangements”, which is defined in AASB 1004 as:
...

Classification of Transfers as Contributions by Owners

- 19 However, AASB 1004 requirements relating to contributions by and distributions to owners, other than in relation to restructures of administrative arrangements by government departments and other government controlled not-for-profit entities ~~or for-profit government departments~~:
- (a) ...
- 20 This Interpretation adopts the views that the determinant of whether a transfer to a public sector entity should be classified as a contribution by owners is whether the transfer meets the definition of contributions by owners in paragraph 18, and that such classification does not depend:
- (a) ...
 - (b) on the composition and extent of the transfer, for example (other than for government departments and other government controlled not-for-profit entities ~~or for-profit government departments~~ involved in restructures of administrative arrangements) whether it involves a restructuring; or
 - (c) ...

Financial Interest in the Net Assets of the Entity which can be Sold, Transferred or Redeemed

- ...
- 30 Because any transfer by a parent to its wholly-owned subsidiary (other than a transfer made as consideration for the provision by the transferee of assets or services at fair value to the transferor) has the potential to satisfy the definition of contributions by owners in paragraph 18, this Interpretation adopts the view that it is necessary to refer to the form of the transfer to determine whether it should be classified as a contribution by owners. Accordingly, if the transferee neither issues equity instruments nor is a party to an agreement setting out the respective ownership interests of equity contributors, in relation to the transfer, formal designation that the transfer is to be added to the transferee’s contributed equity is necessary to identify contributions by owners (except in relation to government departments and other government controlled not-for-profit entities ~~or for-profit government departments~~ involved in restructures of administrative arrangements).

In the Appendix accompanying Interpretation 1038, paragraph A1 is amended.

- A1 This appendix discusses five scenarios in a whole of government context to illustrate the classification of certain transfers within a group of entities in which the parent is either a government or a subsidiary of a government, in accordance with the Interpretation. It illustrates the position of interposed parents in a series of such transfers, and the application of paragraphs 10, 11 and 13 of the Interpretation to the classification of such transfers within the group. None of the transfers illustrated in this appendix is made as consideration for the provision by the transferee of assets or services at fair value to the transferor. In addition, none of the transfers involves the issuance or cancellation of equity instruments; and none of the transfers are in relation to a government department or other government controlled not-for-profit entity ~~or a for-profit government department~~ in respect of a “restructure of administrative arrangements” as defined in AASB 1004 *Contributions*.