



# Disclosing new and future accounting standards – 2023/24 financial year

This fact sheet provides an overview of considerations for disclosures of new and future accounting standards for reporting units with financial reporting obligations under the *Fair Work (Registered Organisations) Act 2009* (the RO Act) and the *Fair Work (Registered Organisations) Regulations 2009* (the Regulations). It is designed to help reporting units, their officers and employees gain an understanding of potential disclosures within their financial reports that are required for the 2023/24 financial year.

## Pronouncements issued and effective at the reporting date



In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (AASB 108), when the initial application of an Australian Accounting Standard (which might be a new accounting standard, an amendment to an accounting standard or an interpretation) has an effect on the current period or any prior period, or might have an effect on future periods, the reporting unit should disclose information including:

- the title of the Australian Accounting Standard
- the nature of the change in accounting policy
- a description of the transitional provisions applied (if any) by the reporting unit
- the amount of the adjustment for each financial statement line item affected for the current period and each prior period presented (to the extent practicable).



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The new accounting standards, amendments to accounting standards and new interpretations that are effective for annual reporting periods ending 30 June 2024 that are more likely to be relevant to reporting units are as follows:

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

This standard amends:

- AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101 *Presentation of Financial Statements*, to require entities 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 entities 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, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

### **Disclosure of Accounting Policies**

Effective for annual periods starting on or after 1 January 2023, AASB 101 *Presentation of Financial Statements* (AASB 101) has been amended to replace the requirement for entities to disclose their 'significant accounting policies' with a requirement to disclose 'material accounting policy information' (AASB 101.117). The explicit requirement to disclose measurement bases has also been removed.

The accounting policies disclosed in the model financial statements illustrate some of the applicable accounting policies that may be relevant to a reporting unit. However, as these are illustrative financial statements, they include disclosures that may not, in practice, be considered material to a reporting unit. Similarly, the reporting unit may have accounting policies in addition to those illustrated in the model financial statements that are considered material. It is essential that reporting units consider their specific



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circumstances when determining which accounting policy information is material and relevant and therefore needs to be disclosed.

*[Illustrative disclosure on impact: The amendments have had an impact on the reporting unit's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the reporting unit's financial statements.]*

## Definition of Accounting Estimates

The amendments to AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (AASB 108) clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

*[Illustrative disclosure on impact: The amendments are not expected to have a material impact on [reporting unit].]*

In addition to the above, the below lists additional Australian Accounting Standard that are effective for reporting periods ending 30 June 2024 but are not expected to be relevant for reporting units:

- AASB 17 *Insurance Contracts*
- AASB 2022–8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments*
- 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 2023–2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules*
- AASB 2023–4 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules: Tier 2 Disclosures*
- AASB 2022–1 *Amendments to AASs – Initial Application of AASB 17 and AASB 9 – Comparative Information*



## Future Australian Accounting Standards Requirements



In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (AASB 108), a reporting unit should disclose the following information when it has not applied a new Australian Accounting Standard that has been issued but not yet effective:

- the title of the new Australian Accounting Standard
- the nature of the impending change or changes in accounting policy
- the date by which application of the Australian Accounting Standard is required
- the date as at which it plans to apply the Australian Accounting Standard initially
- a discussion of the impact that initial application of the Australian Accounting Standard is expected to have on the reporting unit's financial statements or, if the impact is not known or reasonably estimable, a statement to that effect.

This disclosure need not be provided if the standard, amendments or interpretations issued are not expected to have a material impact on the reporting unit.

The standard, amendments or interpretations that are issued but not yet effective for annual reporting periods ending 30 June 2024 that are more likely to be relevant to reporting units are as follows:

*[Delete only if not applicable to the reporting unit or expected not to have a material impact]*

### ***AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections***

The amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 *Business Combinations*. Any gain or loss resulting from the sale or



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contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

This Standard applies to annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

*[The reporting unit does/does not expect the adoption of this amendment to have a material impact on its financial statements.]*

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

This Standard amends AASB 101 *Presentation of Financial Statements* (AASB 101) to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that 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. This Standard, as amended by AASB 2022-6 (refer below) applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

*[The reporting unit does/does not expect the adoption of this amendment to have a material impact on its financial statements.]*

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

This amends AASB 101 *Presentation of Financial Statements* (AASB 101) to improve the information an entity provides in its financial statements about long-term liabilities with covenants where the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity's complying with conditions specified in the loan arrangement.

AASB 2022-6 also defers the application date of AASB 2020-1 to annual reporting periods beginning on or after 1 January 2024.

This Standard applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.



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*[The reporting unit does/does not expect the adoption of this amendment to have a material impact on its financial statements.]*

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

This Standard amends AASB 16 *Leases* (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.

This Standard applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

*[The reporting unit does/does not expect the adoption of this amendment to have a material impact on its financial statements.]*

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

The standard amends AASB 13 *Fair Value Measurement* (AASB 13), 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.

This Standard applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

*[The reporting unit does/does not expect the adoption of this amendment to have a material impact on its financial statements.]*



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

This standard amends AASB 107 *Statement of Cash Flows* and AASB 7 *Financial Instruments: Disclosures* to require an entity to provide additional disclosures about its supplier finance arrangements that clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

This Standard applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

*[The reporting unit does/does not expect the adoption of this amendment to have a material impact on its financial statements.]*

*[Delete only if not applicable to the reporting unit or expected not to have a material impact ]*

In addition to the above, the below lists additional Australian Accounting Standard that have been issued but are not yet effective that are not expected to be relevant to reporting units:

- AASB 2022–9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*
- AASB 2023–3 *Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2*
- AASB 2023–5 *Amendments to Australian Accounting Standards – Lack of Exchangeability*



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## Further resources

The Commission has a range of financial reporting resources to help reporting units achieve voluntary compliance:



### The reporting guidelines

Issued by the General Manager, the [reporting guidelines](#) set out specific disclosures that must be made in financial reports.



### Podcast: [Auditing in our jurisdiction - what auditors want you to know](#)

We speak with registered auditors about their experiences of working with reporting units to audit financial reports.



### E-learning module: Financial reporting

The [financial reporting e-learning module](#) explains each of the statements that form part of the general purpose financial report.

## Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Fair Work Commission on [regorgs@fwc.gov.au](mailto:regorgs@fwc.gov.au).

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This fact sheet is not intended to be comprehensive. The Fair Work Commission does not provide legal advice. Users must rely upon the relevant legislation, which is set out in the *Fair Work (Registered Organisations) Act 2009*, the *Fair Work Act 2009*, the *Fair Work (Transitional Provisions and Consequential Amendments) Act 2009* and the *Fair Work (Registered Organisations) Regulations 2009*.