

2022 Financial Reporting Update

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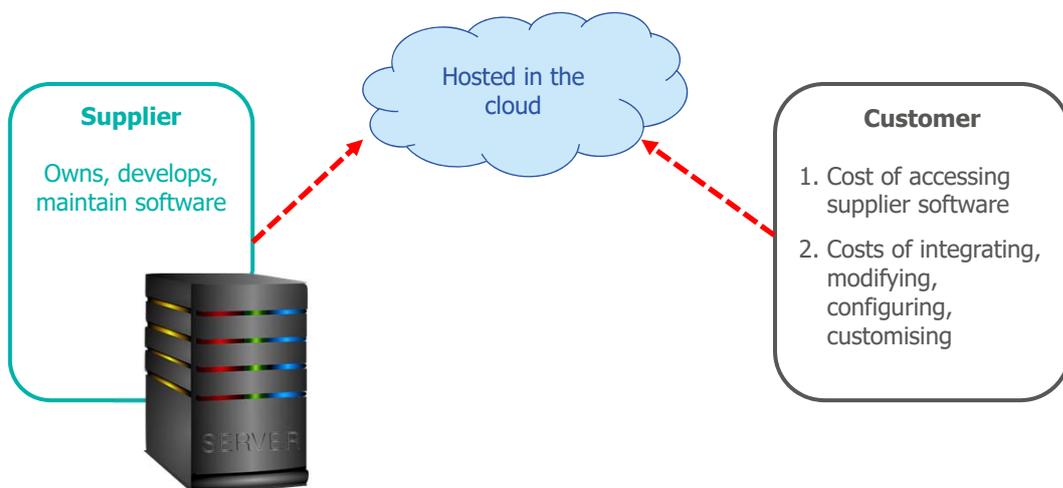
Dhanusha Seoni
National Technical Manager

Agenda

1. New pronouncements applicable for 30 June 2022
2. Regulatory matters
3. ACNC reporting changes
4. Future developments

New Accounting Standards for 30 June 2022

Cloud computing arrangements



Cloud computing arrangements

Fee to access supplier software



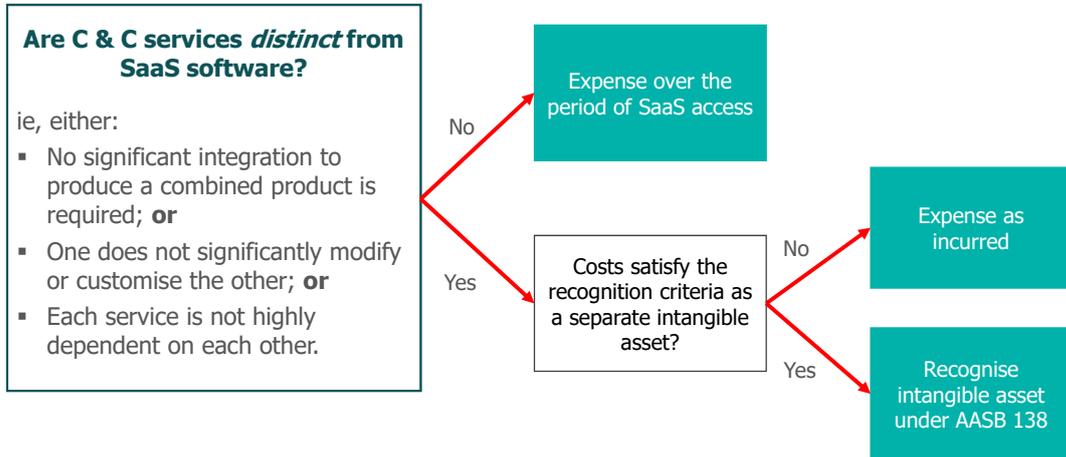
Cloud computing arrangements

Costs of integrating, modifying, configuring, customising

- 1. Configuration** involves the setting of various 'flags' or 'switches' within the application software, or defining values or parameters, to set up the software's existing code to function in a specified way
- 2. Customisation** involves modifying the software code in the application or writing additional code. Customisation generally changes, or creates additional functionalities within the software

Configuration and customisation performed by:

The SaaS Supplier

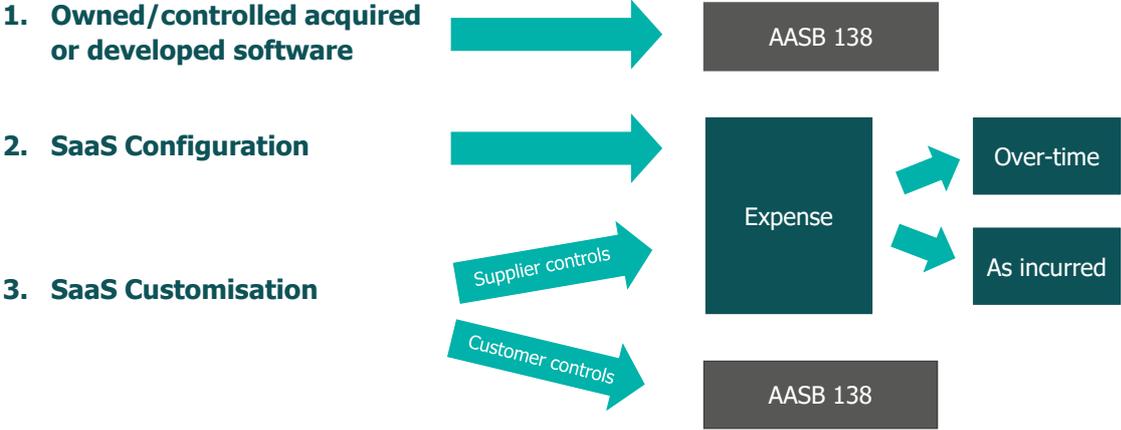


Software development performed by:

The Customer



Cloud computing arrangements



Non-Reporting Entities and Tier 2 GPFR

Which for-profit entities will be required to prepare GPFS?

Required by legislation to prepare financial statements that comply with either '**Australian Accounting Standards**' or '**accounting standards**'

Other document created or amended from 1/7/21 that requires compliance with '**Australian Accounting Standards**'

Corporations Act

- Large proprietary (incl. grandfathered or wholly-owned subs)
- Foreign controlled small proprietary
- Unlisted public
- Medium & large companies limited by guarantee
- Financial services licensees (AFSL)

Other State or Federal legislation

- Indigenous corporations
- Incorporated associations
- Co-operatives
- Residential aged care providers
- Private sector higher education providers

Other documents

- Finance agreement
- Trust Deed
- Constitution
- Purchase or Sale Agreement

Tiers of GPFS

Tier 1

- Full GPFR

Tier 2

- AASB 1060 Simplified Disclosures
- Full recognition, measurement, consolidation and equity accounting
- Applies to for-profit and not-for-profit entities

Comparison between RDR and SDS

Additional disclosures not required by RDR

- General information
- Audit fees
- Imputation credits
- Subsequent Events
- Employee Benefits
- Related Party Disclosures
- Leases
- Investments in associated and JVs
- First-time Adoption of Australian Accounting Standards

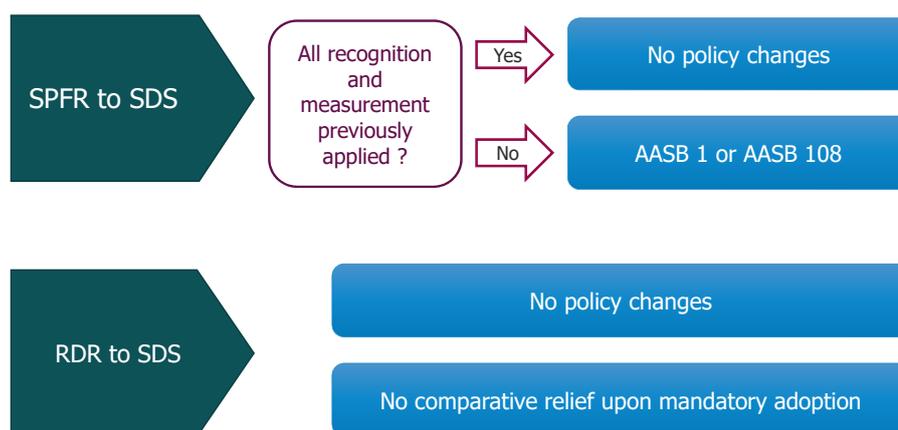
RDR disclosures reduced under SDS

- Presentation of primary financial statements
- Revenue
- Other income and expenses
- Financial instruments
- Interests in other entities
- Leases
- Business combinations
- Discontinued operations
- Impairment
- Hedging

Other changes

- Statement of income and retained earnings

Transition



Transition

SPFS to AASB 1060 SDS

	30/6/2022	30/6/2021 comparatives
Income statement	Full M&R	Restate
Balance sheet	Full M&R	Restate
Statement of cash flows	Full M&R	Restate
Statement of changes in equity	Full M&R	Restate
Disclosures	AASB 1060	AASB 1060 comparatives

Not-for-profit entities

SPFR to SDS

- Not *required* to transition to GPFR
- Will be required to restate comparatives for changes to accounting policies
- Any adjustments recognised at start of earliest financial year presented
- No comparative disclosure relief
- Disclosure of transition adjustments

RDR to SDS

- Restate comparatives

Regulatory matters

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Virtual meetings and electronic signing

- Temporary relief now made permanent
 - Corporations Amendment (Meetings and Documents) Act 2022
- Period for holding AGM
 - 2 month extension continues for balance dates to 31 December 2021

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ASIC developments

AFSL financial licencing conditions

- Requirement to prepare GPFR
 - Tier 1 or Tier 2

ASIC financial statement focus areas

- Impairment and asset values
- Operating and financial review
- Revenue recognition
- Tax accounting
- Expense deferral

Director Identification Numbers

▪ Applies to:

1. Corporations Act entities
 - companies
 - registered foreign companies
 - registered Australian body
2. Indigenous corporations (CATSI Act)

Date you become a director	Date you must apply
On or before 31 October 2021	By 30 November 2022
Between 1 November 2021 and 4 April 2022	Within 28 days of appointment
From 5 April 2022	Before appointment

ACNC reporting changes

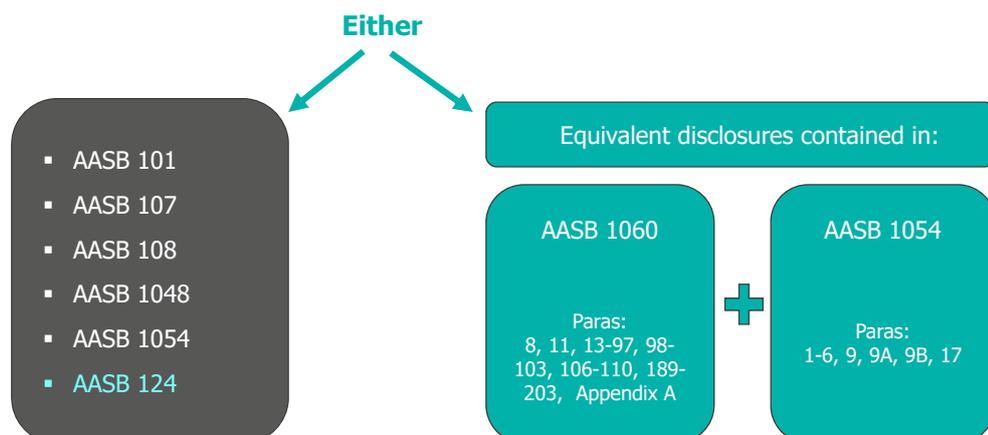
ACNC size thresholds

2022 financial year

Charity size	Annual revenue	
	Previous threshold	New threshold
Small	Less than \$250,000	Less than \$500,000
Medium	\$250,000 to < \$1.0m	\$500,000 to < \$3.0m
Large	\$1.0m or more	\$3.0m or more

Charities preparing SPFR

Minimum requirements



Remuneration disclosures for SPFRs

Large charities only from 2021-22

- Only where two or more Key Management Personnel
- Disclose Total KMP Remuneration
- Separately identify KMP services provided by a management entity
- Comparative relief in first year of adoption

Other related party disclosures for SPFRs

Medium and large charities from 2022-23

- Other related party disclosures contained in either AASB 124 or AASB 1060
- Comparative relief in first year of adoption

Charities preparing SPFR

Key take-aways

1. Decide on applying mandatory standards or AASB 1060 equivalents
2. Identify Key Management Personnel and determine total remuneration for disclosure in 2022
3. Identify related parties for disclosure in 2023

On the horizon

Sustainability disclosures

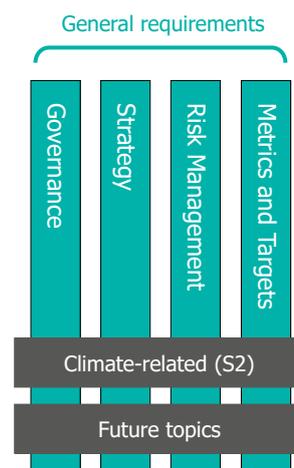
Proposed IFRS S1



Climate-related disclosures

Proposed IFRS S2

- Information about significant climate-related risks and opportunities on the entity's enterprise value
 - Development of industry based requirements
 - Guidance on proposed metrics & targets
- AASB Exposure Draft ED 321
 - Comments close 15 July 2022



NFP reporting framework

Proposed simplified Tier 3 for smaller NFP entities

- Indicative size: turnover between \$500k - \$3m
- Choice of:
 - Applying AASB 10; or
 - Standalone financial statements + disclosures
- Simplified lease accounting, employee benefits, income/revenue
- Limited retrospective adjustments



Takeaways

- Effect of new accounting standards for 30 June
- Transition to GPFR and SDS, as appropriate
- ACNC reporting changes
- Consider ASIC focus areas for 30 June
- Don't forget Director IDs

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