



Tasmanian Audit Office

Accounting Standards Update May 2017

Jeff Tongs – Director Technical and Quality



Accounting Treats or Threats?

- Are you ready for:

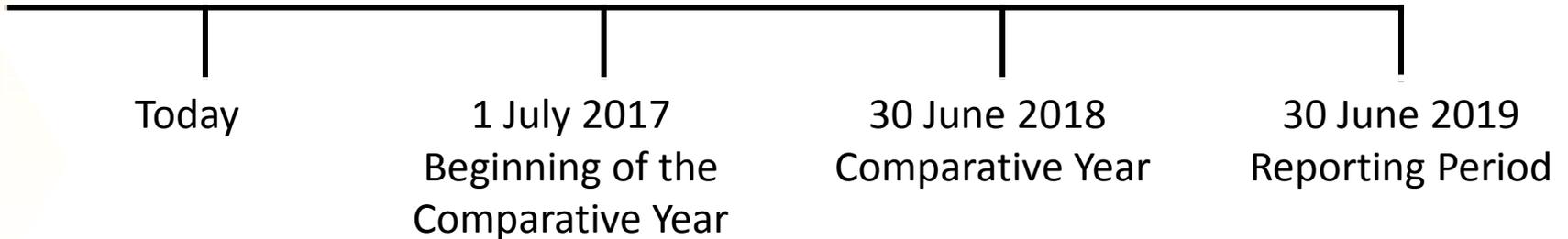
Australian Accounting Standard	Effective Date – Year beginning on or after	30 June Year-end
AASB 124/2015-6 Extending Related Party Disclosures NFP	1 July 2016	30 June 2017
AASB 15 Revenue from Contracts with Customers	1 January 2018 (For-profit) 1 January 2019 (Not-for-profit)*	30 June 2019 30 June 2020*
AASB 1058 Income of NFP Entities	1 January 2019	30 June 2020
AASB 9 Financial Instruments	1 January 2018	30 June 2019
AASB 16 Leases	1 January 2019	30 June 2020
AASB 2016-2 Amendment to AASB 107 Cash Flows	1 January 2017	30 June 2018

* AASB 2016-7 Amendments to Australian Accounting Standards
– Deferral of AASB 15 for Not-for-Profit Entities

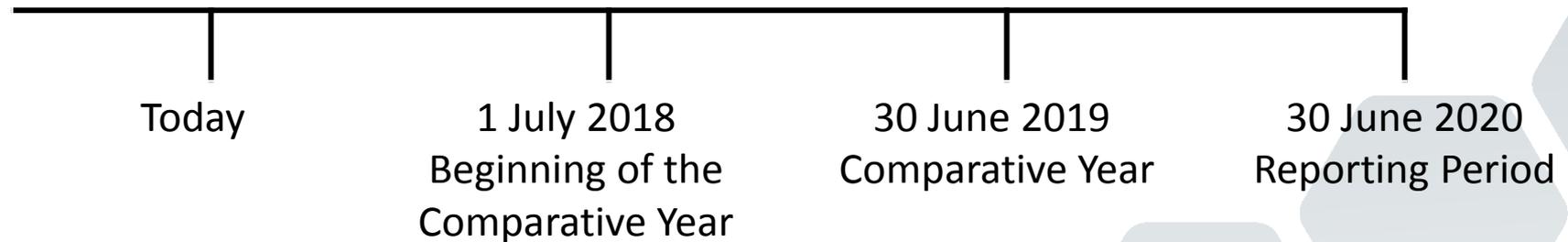


What dates are important?

For-Profit (+ AASB 9)

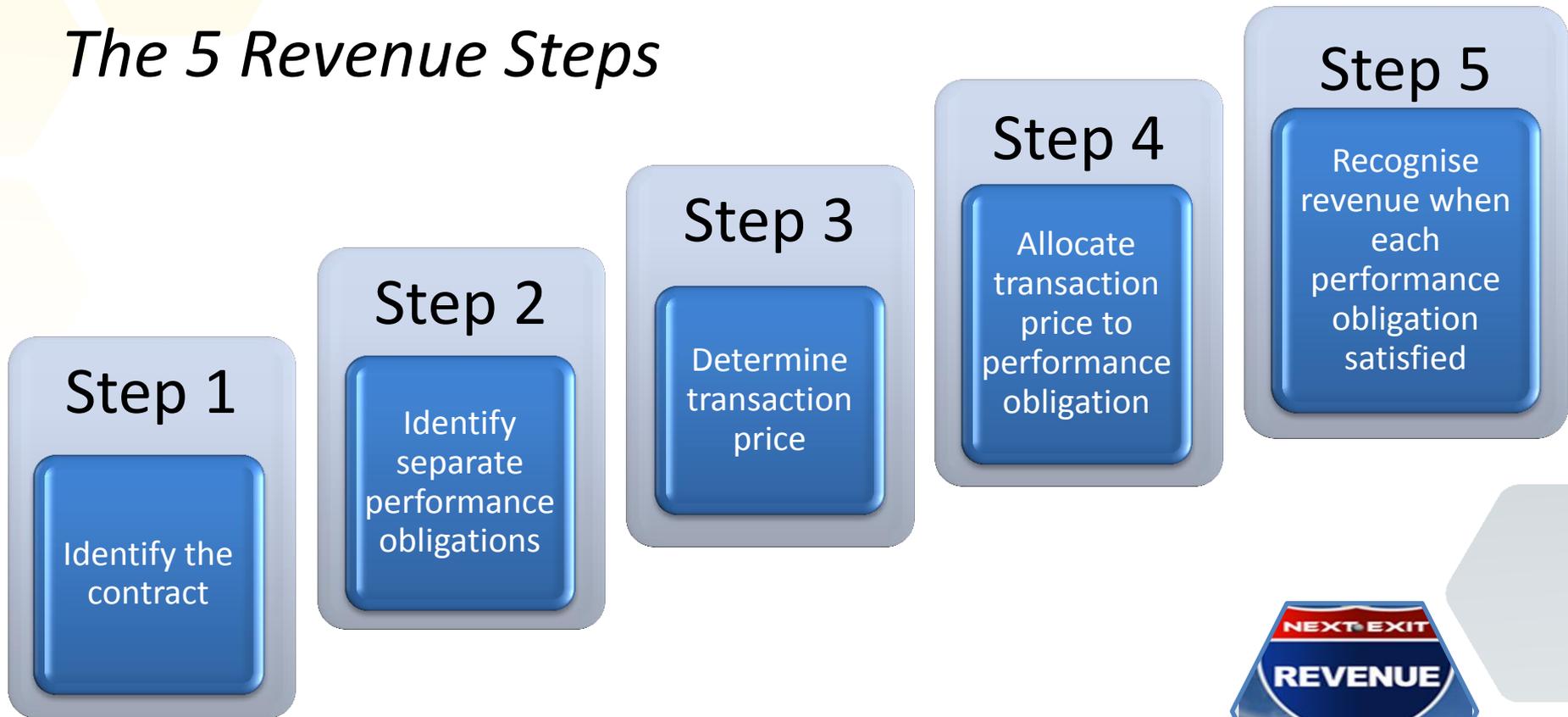


Not-for-Profit



AASB 15 *Revenue from Contracts with Customers*

The 5 Revenue Steps



AASB 15 – Step 1

Identify the Contract/s with the Customer

- Agreement provides parties with enforceable rights and obligations (written, oral or otherwise)
 - Identified each party's rights
 - Identified payment terms
 - Commercial substance
- It is probable that the entity will collect consideration (price in contract may be different).

Step 1

Step 2

Step 3

Step 4

Step 5

AASB 15 – Step 2

Identify the Performance Obligations

- Identify as a performance obligation, each distinct promise to transfer goods or services (or a bundle) to a customer.
- Separation criteria:
 - Customer can benefit from good or service either on its own or with other resources that are readily available, and
 - Good or service is separable from other promises.



AASB 15 – Step 3

Determine the Transaction Price

- The amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to a customer
 - Relative stand-alone selling price
 - Non-cash consideration measured at fair value
 - Consideration paid or expected to be paid to customer will reduce transaction price
 - Adjust for significant financing benefit to customer
 - Estimate of variable consideration.



AASB 15 – Step 3 - *Continued..*

Relative Stand-alone Selling Price

- Price an entity would charge a customer on a stand-alone basis.
- If no stand-alone selling price must estimate (maximise the use of observable inputs):
 1. Expected cost plus reasonable margin
 2. Market prices adjusted for similar goods or services
 3. Residual approach (total transaction price less the sum of the observable stand-alone selling price of other goods and services promised in the contract).

Contract

Performance
Obligation

Transaction
Price \$

Step 4

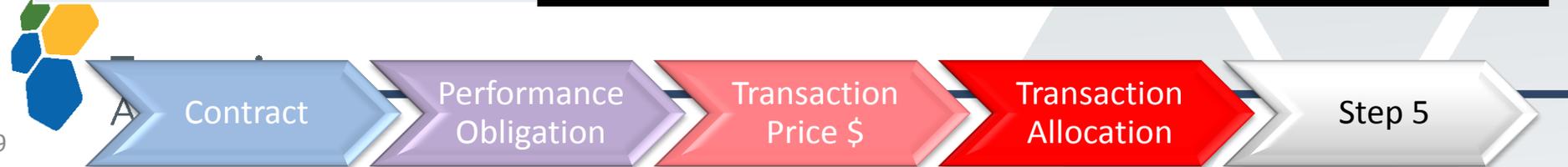
Step 5

AASB15 – Step 4 -Allocate Transaction Price to Performance Obligations

- Transaction price is allocated to each performance obligation in proportion to stand-alone price.



Performance Obligation	Cost	% Cost	Allocate to Sale Price
Free Handset	\$ 300	24%	\$ 286
Network Connection	\$ 960	76%	\$ 914
	\$ 1,260		\$ 1,200



AASB 15 – Step 5

Recognise revenue when (or as) the entity satisfies a performance obligation

- When the customer obtains control of the good or service
- Control transfers ‘over time’ or at a ‘point in time’
 - First, determine if control transfers over time
 - If control transfers over time, select a single input or output method to measure progress for a particular performance obligation
 - Apply consistent method for all similar arrangements
 - If control does not transfer over time, default is point in time
 - Indicators provided to assist when determining the point in time when control is transferred



AASB 15 – Step 5 - *Continued..*

- Revenue is recognised over time when:
- Customer simultaneously receives and consumes all of the benefits as the entity performs obligations (traditional service arrangements e.g. cleaning and security services).
 - Performance creates or enhances an asset that the customer controls (e.g. construction contracts where the customer controls the work-in-progress throughout the arrangement).
 - Performance does not create an asset with an alternate use and entity has enforceable right to payment for performance to date (e.g. legal services – payment reflects work performed including a reasonable profit margin).

Contract

Performance
Obligation

Transaction
Price \$

Transaction
Allocation

Revenue
Recognition

AASB 15 – Step 5 - *Continued..*

- Revenue is recognised at a point in time when:
 - Performance obligations not satisfied over time
 - Considered to be transferred when:
 - Customer has **legal title** to the asset.
 - Customer has **physical possession** of the asset (right of use / direct use).
 - Customer **exposed to significant risks and rewards of ownership** of the asset.
 - Customer has **accepted** the asset.



Contract

Performance
Obligation

Transaction
Price \$

Transaction
Allocation

Revenue
Recognition



AASB 15 – Licence of Intellectual Property

- **Right of use** – right to use entity's IP as it exists when licence is granted:
 - Recognise as point in time.
- **Right of access** – right to use entity's IP as it exists during licence period:
 - Recognise over time.



AASB 15 – Transition is Retrospective

Two approaches allowed:

1. Fully Retrospectively application, *with some relief*:
 - Need not restate completed contracts that begin and end within the same period
 - Hindsight allowed for variable consideration of completed contracts
 - Prior to application, need not disclose information on remaining performance obligations in comparatives.



AASB 15 – Transition is Retrospective

2. Retrospectively with cumulative effect at date of initial application:
 - Apply the Standard to all existing contracts as of effective date and to contracts entered into subsequently
 - Recognise the cumulative effect as an adjustment to the opening balance of retained earnings .



AASB 15 – Disclosures

- Key qualitative and quantitative disclosures:
 - Contract balances
 - Disaggregation of revenue
 - Costs to obtain or fulfil contracts
 - Remaining performance obligations
 - Significant judgements and changes in judgements



AASB 15 – Are you ready?



- How are existing and continuing contracts treated
- One contract can have many performance obligations
- Contract price may not be revenue amount
- When are performance obligations are met
- When does control transfer to the customer
- Identify any financing component
- How does your IT systems record & recognise revenue
- Forecast & budgetary impacts
- Training for affected staff
- If any disclosures are required by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*



AASB 1058 – Income of Not-for-Profit Entities



Income of Not-for-Profit Entities

Relevant Standards:

- AASB 1058 – Income of Not-for Profit Entities
- AASB 2016-8 - Amendments to Australian Accounting Standards – Implementation Guidance for Not-for-Profit Entities
- AASB 1004 - Contributions

AASB 1058 - Objective

Establishes principles that apply to:

- (a) transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the NFP to further its objectives
- (b) the receipt of volunteer services.



AASB 1058 – Recognising an Asset

- On initial recognition and measurement of an asset an entity must recognise any related :
 - contributions by owners,
 - increases in liabilities,
 - decreases in assets and
 - revenue or contract liability, per AAS15.
- Immediately recognise any difference between the fair value of the asset and any related amounts as income
- If acquiring or construct a recognisable non-financial asset controlled by the entity
 - recognise income as performance obligations are satisfied (similarly to AASB 15).



AASB 1058 – Key Areas

- Assets received below fair value
- Transfers received to acquire or construct non-financial assets
- Grants
- Non-contractual statutory income
- Peppercorn leases
- Volunteer services



AASB 1058 – Recognising assets received below fair value

Example:

- “Loui’s Van” is sold a new van with a fair value of \$40,000 for \$10,000.
- The sale was from a local business to allow the NFP to deliver meals to those in need.
- No other conditions are attached.



AASB 1058 – Identifying the Contract(s) with the customer

- Customer – party that promises consideration in exchange for a transfer of goods / services (even if third-party beneficiaries)
- Enforceable agreement – legal or equivalent means as long as some enforceable obligations arise for entity from agreement
 - expectation of enforceability (written and acted upon)



AASB 1058 – Identifying Separate Performance Obligations

- Specificity of promise can be different in For-profit and NFP sectors
- Performance obligation – promise that creates performance obligation is **sufficiently specific** to determine when obligation is satisfied
 - time basis not enough
- Following aspects need to be considered:
 1. the nature or type of the goods or services
 2. the cost or value of the goods or services
 3. the quantity of the goods or services
 4. the period over which goods or services must be transferred



AASB 1058 – Transfers received to acquire or construct a non-financial asset

Example:

- An entity received a \$2m cash grant to build a specialist learning centre on its own land to deliver industry qualification training
- Unspent funding is refundable
- Grant refundable if training centre ceases within 10yrs



AASB 1058 – Transfers received to acquire or construct a non-financial asset

Example - journal entries:

Initial recognition - 1 Jul X1

	Debit	Credit
Cash	2,000,000	
Obligation		2,000,000

Year 1 - 30 June X2

Obligation	1,200,000	
Income		1,200,000
Building – work in progress	1,200,000	
Cash		1,200,000

AASB 1058 – Transfers received to acquire or construct a non-financial asset

Example - journal entries:

	Debit	Credit
<i>Year 2 - 30 June X3</i>		
Obligation	800,000	
Income		800,000
Building – work in progress	800,000	
Cash		800,000

AASB 1058 – Grants

Example:

A NFP receives a Gov't grant of \$2.4m on 31 May 20X6, which is refundable if the money is not spent in the period 1 July 20X6 to 30 June 20X7.

- It's charter is to provide counselling to victims of violence and emergency accommodation to the homeless; and
- It has an agreement that specifies the grant must be spent providing crisis counselling services for a given number of hours per week for the entire year ending 30 June 20X7. The entity expects to fulfil its promise.

AASB 1058 – Grants

Example - journal entries:

Initial recognition - 31 May X6

	Debit	Credit
Cash	2,400,000	
Contract Liability		2,400,000

Year 2 - 2017

Contract Liability	2,400,000	
Expenses	2,400,000	
Cash		2,400,000
Income		2,400,000

AASB 1058 – Grants

- Clarifies the treatment of grants and other contributions received by an entity (other than for non-financial assets)
- A key issue is whether those grants have specific and enforceable obligations attached
 - AASB 2016-8 “Equivalent means”
- The beneficiary can be someone other than the grantor (i.e. the government grants money for services to be provided to a 3rd party)

AASB 1058 – Non-contractual Income arising from Statutory Requirements

- Disclose statutory income (rates, taxes & fines)
- Disaggregated into categories that reflect how the nature and amount of income are affected by economic factors
- Can be a receivable or a liability
- Example:
 - prepaid taxes or rates for which the *taxable event* has yet to occur

TAX INVOICE Rates & Valuation Notice
2018/2019

Rates and Charges for the 12 month period
1 July 2018 to 30 June 2019

Telephone enquiries to Council's Services Centre Telephone 8290 1333
Office Hours 8.30 am – 5.00 pm Monday – Friday

Payment Options
1. Total Amount Payable

Date of Notice/Service 30 July 2018
Service 30 July 2018
Property 50000
Ward NORTH

\$1,034.55
By 31 March 2019

OR
2. Instalment Amount Payable

\$257.55
By 30 September 2018

AASB 1058 – Peppercorn Leases

- Where a NFP lessee has a lease that at inception had significantly below-market terms and conditions principally to enable the entity to further its objectives, the NFP entity shall :
 - Measure the right-of-use asset at fair value
 - Measure the lease liability at the present value of lease payments not paid at that date
 - Recognise any related items in accordance with AASB 1058



AASB 1058 – Peppercorn Leases

Example:

- A school built on land leased to it for \$10pa for 99 years
- Present value of remaining lease payments is \$100
- Fair value of the right of use land is \$2m
- The school had not previously recognised the right-of-use asset for land or a lease liability.



AASB 1058 – Peppercorn Leases

Example:

- The school is reporting for the period ending 30 June 2020.

Treatment on transition:

<i>Journal entry 1 July 2019</i>	Debit	Credit
Right-of-use asset - land	2,000,000	
Lease Liability		100
Opening retained earnings		1,999,900

AASB 1058 – Volunteer Services

- Local governments, government departments, general government sectors and whole of governments must recognise an inflow of resources where:
 - they would have been purchased if they had not been donated; and
 - the fair value of those services can be measured reliably.
- Any other NFP can elect
- Additional and encouraged disclosures



AASB 1058 – Transition is Retrospective

- Two approaches:
 1. Fully Retrospectively application, *with some relief*:
 2. Retrospectively with cumulative effect, at date of initial application
- Assets acquired for more than no or nominal consideration but significantly less than fair value – accounting grandfathered
- Operating leases significantly below-market terms and conditions – wait for AASB 117 Leases



AASB 1058 - *Consider Points...*



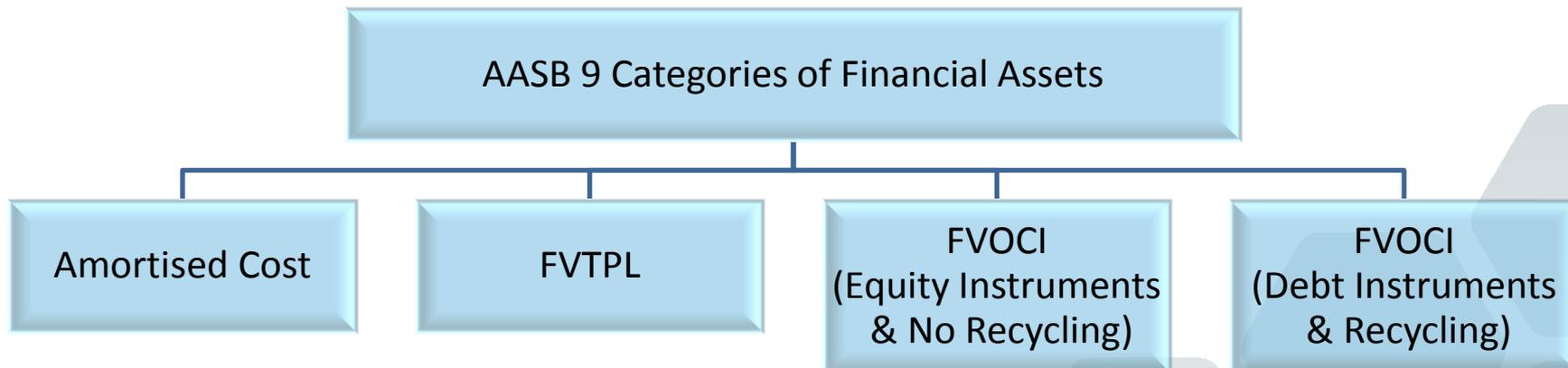
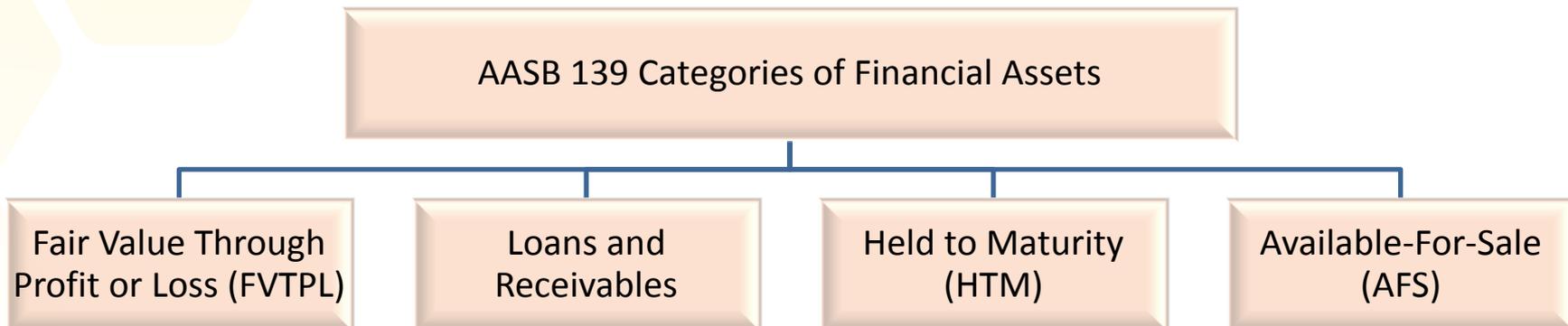
- Do you currently apply AASB 1004 *Contributions*?
 - *If so how? Will it need to change?*
- How are performance obligations defined?
 - Sufficiently specific?
 - Key aspects (*Time basis not enough*)
- Impact on IT systems to record & recognise revenue
- Forecast & budgetary impacts
- Training for affected staff
- AASB 108 disclosure requirements



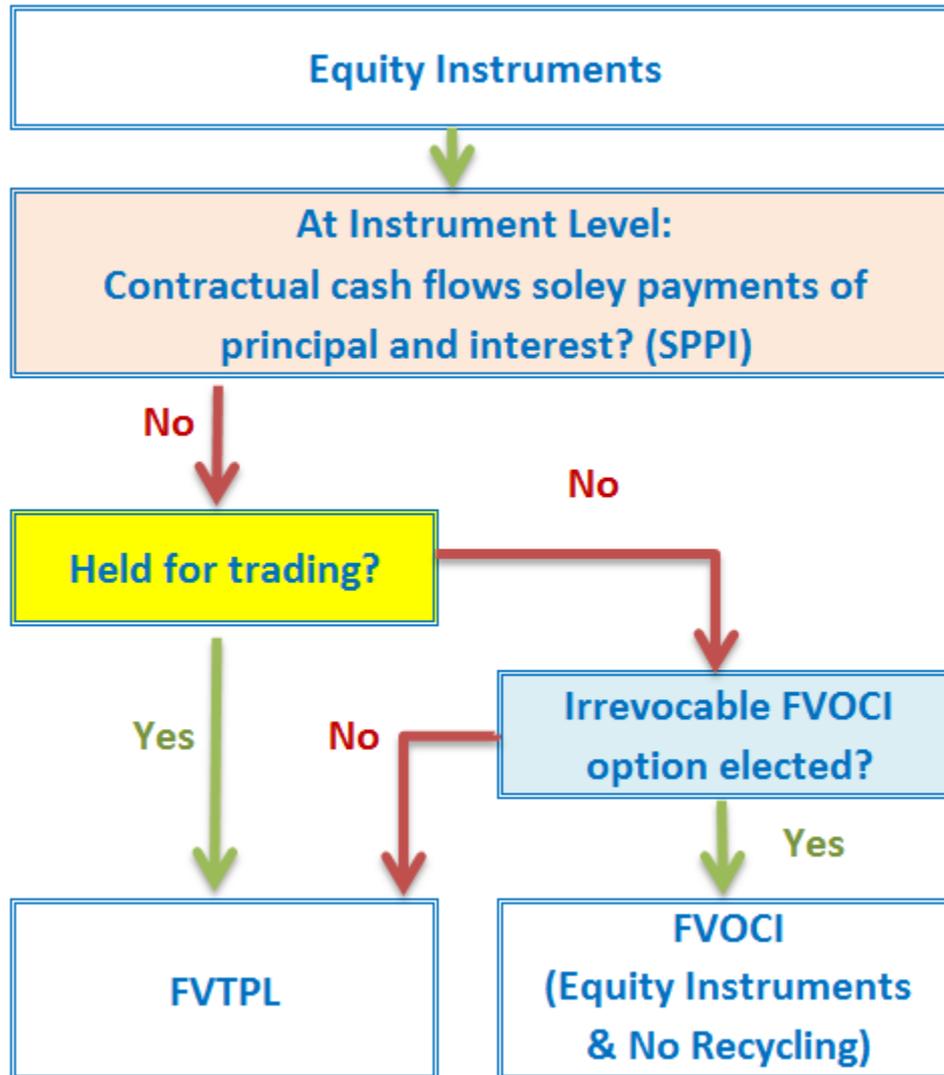
AASB 9 - Financial Instruments



Categories of Financial Assets



Equity Instruments



Contractual Cash flows that are solely payments of principal, and interest (SPPI)

SPPI test

- **Principal** – is the fair value of the financial asset at initial recognition
- **Interest** – return on principal consistent with lending arrangements:
 - time value of money
 - credit risk associated with principal
 - liquidity risk
 - other basic lending costs (administrative or service costs)
 - profit margin



AASB 9 – Financial Assets

Classification Key Criteria:

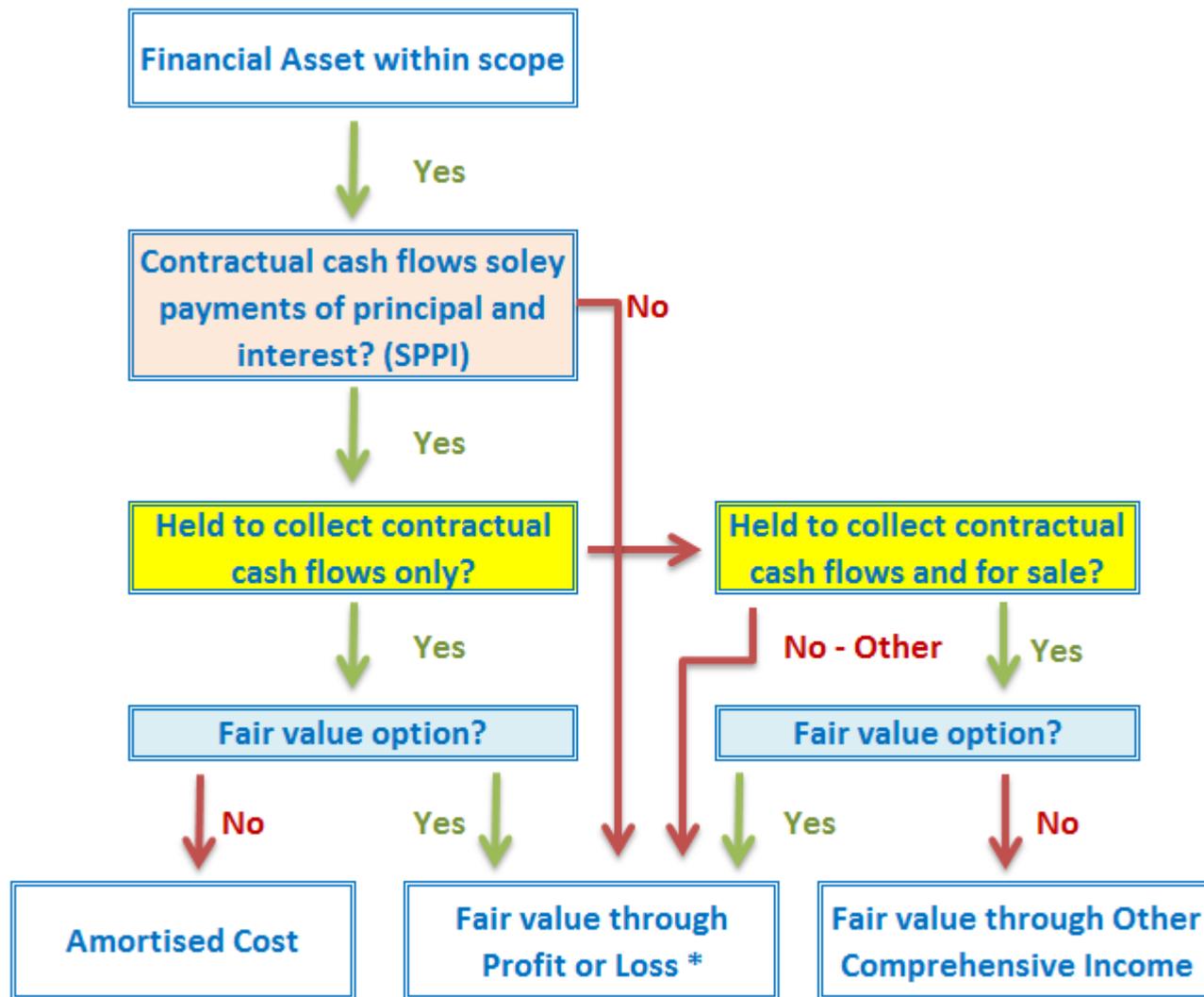
- a. The entity's business model for managing the financial assets and
- b. How does the entity intend to obtain the benefit from the financial asset
 1. Hold to collect cash flows? or
 2. Collect cash flows and sale ?



Classification and measurement of financial assets

Instrument level

Business Model



* Presentation option for equity investment to present Fair value changes in OCI

AASB 9 – Financial Liabilities

- All financial liabilities to be measured at amortised cost using the effective interest method

except for:

- Financial liabilities at fair value through profit of loss
 - Held for trading
 - designated

Only change for financial liabilities designated at FVTP&L

- fair value changes attributable to the entity's own credit risk are presented in OCI (unless mismatch)

AASB 9 - Impairment



At each reporting date assess:

- Whether credit risk has increased significantly since initial recognition
- Must consider reasonable and supportable information that is available without undue cost or effort.
- When information not available, entity may use past due information.
- Rebuttable presumptions
 - 30 days past due - that credit risk has increased significantly
 - should not set a default greater than 90 days without reasonable and supportable evidence

AASB 9 – Simplified Impairment



- Simplified approach available for:
 - Trade receivables and contract assets that result from transactions within scope of AASB 15 Revenue from Contracts with Customers, and
 - Lease receivables within scope of AASB 117 Leases.
- Entity to measure expected credit loss allowance at an amount equal to lifetime expected credit losses
- Practical expedient – can use provision matrix to estimate expected lifetime expected credit losses

AASB 9 – Simplified Impairment

Entity A estimates the following provision matrix:

	Current	1–30 days past due	31–60 days past due	61–90 days past due	More than 90 days past due
Default rate	0.3%	1.6%	3.6%	6.6%	10.6%

Historical &
Forward-looking

	Trade Receivables A	Expected credit loss B	Impairment allowance AxB
Current	15,000	0.3%	45
1–30 days past due	7,500	1.6%	120
31–60 days past due	4,000	3.6%	144
61–90 days past due	2,500	6.6%	165
More than 90 days past due	1,000	10.6%	106
	30,000		580

AASB 9 – Transition

- Full retrospective classification – restatement of comparative periods
 - Not applied to items already de-recognised at the date of initial application
 - Must reclassify all financial instruments (retrospective)
 - Must revoke previous designations that don't meet designation provisions for AASB 9
 - May designate if meet provisions of AASB 9
- Pragmatic - comparatives not required to be restated (reconciliation required)



AASB 9 – Please consider...

- ‘Models’ – Does your entity have a model? Does your entity need more than one model?
- Opportunity to simplify: complex arrangements = detailed accounting
- Review all current and ongoing contracts: classification and business model (internal performance/evaluation)
- Trade receivables (AASB 15) - use of simplified approach?
- Rebuttable presumptions (30 day and 90 day)
- Initial credit risk and subsequent impairment
- Same financial asset may have different classification

KEY
POINT

AASB 16 Leases



EDWARDS
WINDSOR

e w FOR LEASE

*Newly Refurbished
Ground Floor & Level 1
Now Ready for fitout*

6234 5500

Open 7 Days
Level 2, 89 Brisbane St, Hobart

AASB 16 Leases

Issued	Effective Date – Year beginning on or after	30 June Year-end
January 2016	1 January 2019	30 June 2020

- Early adoption permitted, provided AASB 15 *Revenue from Contracts with Customers* is also adopted
- All leases to go on the Balance Sheet
- Why?
 - Transparency
 - Comparability
 - Enhanced disclosures
 - Inform users



AASB 16 Leases - Definitions

- A Lease - a 'contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'
- An Asset - 'a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity'
- Liability - a present obligation from past events, the settlement of which is expected to result in an outflow of resources



AASB 16 Leases – Initial Recognition

Lessee cost of the **Right-of-Use Asset(RoUA)** shall comprise:

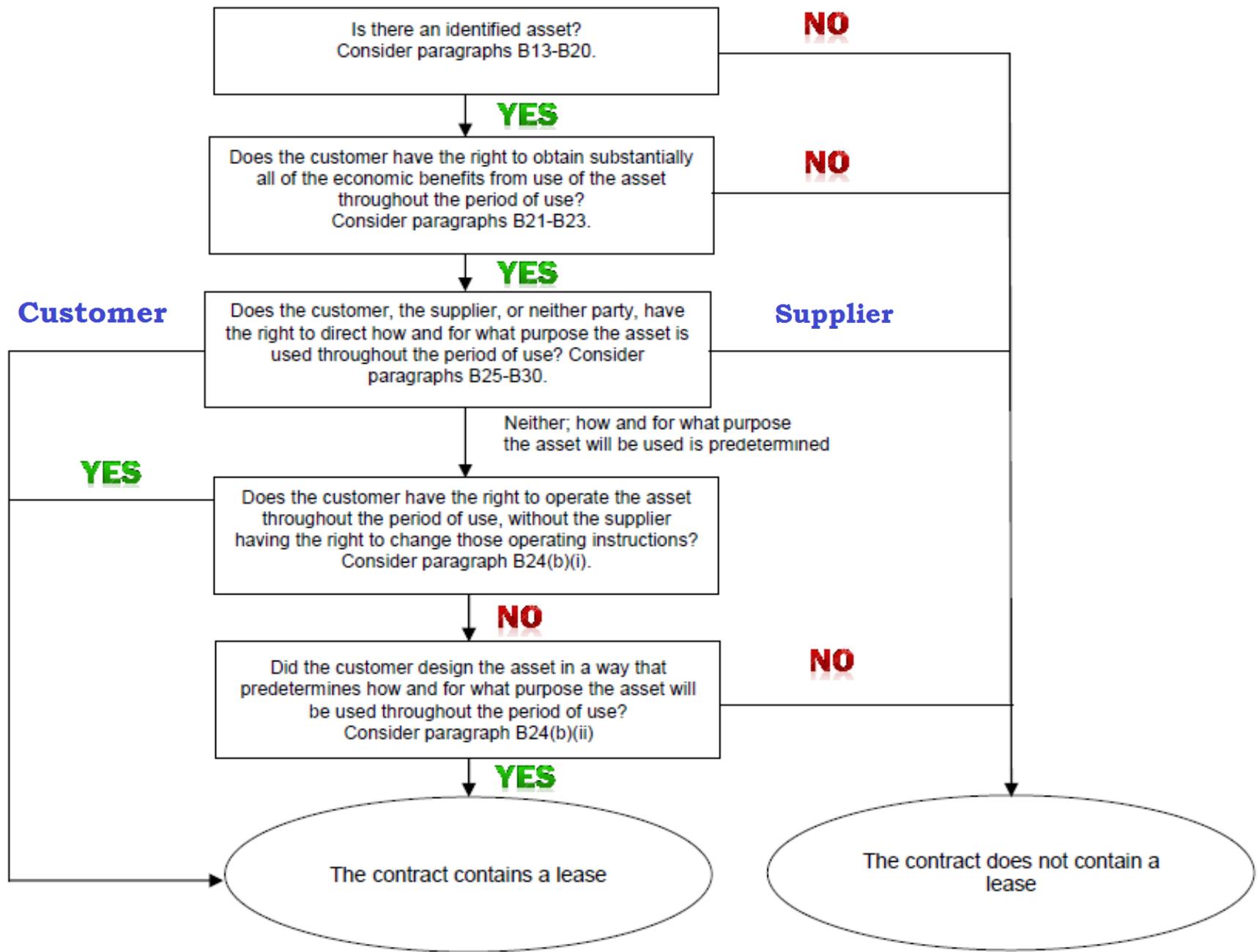
- a) amount of the initial measurement of the **lease liability**
- b) any **lease payments** made at or **before** the commencement date, less any *lease incentives* received;
- c) any *initial direct costs* incurred by the lessee; and
- d) an estimate of costs to be incurred by the lessee in **dismantling** and removing the underlying asset, **restoring** the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, **unless** those costs are incurred to **produce inventories**

AASB 16 Leases – Initial Recognition

At commencement date the initial measurement of the **lease liability**

- Present value of the lease payments not paid at that date
- Lease payments shall be **discounted** using the interest rate implicit in the lease, if that rate can be readily determined
- If not - lessee's incremental borrowing rate





AASB 16 – Example

- Assumptions:
 - 3 year lease.
 - Lease payments \$50,000 p.a.
 - Effective interest rate 6%.
 - Lease payments made at end of period.



AASB 16 – Example (Cont.)

- At start - RoUA and lease liability \$133,651.
- At the end of each period - RoUA amortisation \$44,550
- For each lease payment - cash \$50,000 and:
 - Year 1; Interest expense \$8,019 & principal repayment \$41,981
 - Year 2; Interest expense \$5,500 & principal repayment \$44,500
 - Year 3; Interest expense \$2,830 & principal repayment \$47,170

Totals

\$16,349



\$150,000

\$133,651



AASB 16 – Example (cont.)

Opening Journal

DR Right-of-use-asset
CR Lease Liability

Year 1	
133,651	
	133,651

Yearly Journal

DR Interest Expense
DR Lease Liability
CR Bank

	Year 1	Year 2	Year 3
DR Interest Expense	8,019	5,500	2,830
DR Lease Liability	41,981	44,500	47,170
CR Bank	- 50,000	- 50,000	- 50,000

Dr Amortisation Expense
Cr Accumulated Amortisation

Dr Amortisation Expense	44,550	44,550	44,550
Cr Accumulated Amortisation	- 44,550	- 44,550	- 44,550

Statement of Financial Position

DR Right-of-Use-Asset
Cr Accumulated Amortisation
(\$133,651/3 years = \$44,550)

DR Right-of-Use-Asset	133,651	133,651	133,651
Cr Accumulated Amortisation	- 44,550	- 89,101	- 133,651
	<u>89,101</u>	<u>44,550</u>	<u>-</u>

CR Lease Liability
DR Lease Liability

CR Lease Liability	- 133,651	- 91,670	- 47,170
DR Lease Liability	41,981	44,500	47,170
	<u>- 91,670</u>	<u>- 47,170</u>	<u>-</u>

AASB 16 – Example (cont.)

Statement of Comprehensive Income

	Year 1	Year 2	Year 3
Interest Expense	8,019	5,500	2,830
Amortisation Expense	44,550	44,550	44,550
	<u>52,569</u>	<u>50,050</u>	<u>47,380</u>

Statement of Cash Flows

Interest Expense	8,019	5,550	2,830
Financing Cash Flow <i>(Principal Repayment)</i>	<u>41,981</u>	<u>44,500</u>	<u>47,170</u>
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>



AASB 16 Leases – *What's excluded?*

Not required to be included in lease liabilities

- Leases of low-value assets
- Short-term assets

Excluded from lease liabilities

- Variable lease payments
- Optional payments (not reasonably certain)

- Disclosure requirements apply (p53)

AASB 16 – *Transition*

OR

Full Retrospective



- Apply AASB 8
- Prepare statements as if AASB 16 had always been applied
 - Restate comparative information
 - Disclose effect on each line item



Better quality of reported information in transition year

Cumulative Catch-up



- Recognise cumulative effect on initial application in opening balance of retained earnings
- Do not restate comparative information
- Consider additional reliefs
- Disclose effect of applying cumulative catch-up approach



Significant cost relief on transition

AASB 16 – Consider Points...



- Identify operating leases likely to be recognised in balance sheet.
- Model impact of taking up operating leases.
- Review lease contracts with both service and lease components.
- Review lease contracts with multiple RoUA
- Determine transition method
- Present value calculations - determine effective interest rate (may differ between leases for similar or like assets)
- Review disclosure requirements

Statement of Cash Flows



(AASB 2016-2) Financing Activity Disclosures in the Statement of Cash Flows

“AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107”

- Issued in March 2016
- Applies to annual reporting periods on or after 1 January 2017
 - i.e. 30 June 2018
 - Early adoption permitted
 - Prospective
- Requires disclosure of information relating to financing liabilities and related financial assets (if any)

AASB 2016-2 – Example Reconciliation

- Notes to Statement of Cash Flows

E. Reconciliation of liabilities arising from financing activities

	20X1	Cash flows	Non-cash changes		20X2
			Acquisition	New leases	
Long-term borrowings	1,040	250	200	—	1,490
Lease liabilities	—	(90)	—	900	810
Long-term debt	<u>1,040</u>	<u>160</u>	<u>200</u>	<u>900</u>	<u>2,300</u>

What will be your approach?

- *Full Retrospective or Cumulative Approach?*

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THANK YOU



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Audit Office

References

➤ AASB 1058 *Income of Not-for-Profit Entities*

- AASB 2016-8 - Amendments to Australian Accounting Standards – Implementation Guidance for Not-for-Profit Entities : http://www.aasb.gov.au/admin/file/content105/c9/AASB2016-8_12-16.pdf

➤ AASB 9 *Financial Instruments*

- IFRS – Project Summary <http://www.ifrs.org/current-projects/iasb-projects/financial-instruments-a-replacement-of-ias-39-financial-instruments-recognition/documents/ifrs-9-project-summary-july-2014.pdf>
- Grant Thornton – Technical Accounting Alert http://www.grantthornton.com.au/globalassets/1.-member-firms/australian-website/technical-publications/local-technical--financial-alerts/gtal_ta_2014-09_iasb_completes_ifrs9_financial_instruments.pdf

➤ AASB 16 *Leasing*

- NSW Treasury – Guidance – : www.treasury.nsw.gov.au/sites/default/files/2017-04/Guidance%20for%20AASB%2016%20Leases%20-%20New%20Lease%20Standards.pdf
- CPA Australia –Fact Sheet (incl. Disclosure checklist) - www.cpaaustralia.com.au/~/_media/corporate/allfiles/document/professional-resources/ifrs-factsheets/factsheet-ias17-leases.pdf?la=en
- IFRS – Project Page – see Project Summary: <http://www.ifrs.org/Current-Projects/IASB-Projects/Leases.aspx>



AASB1058: *Income of Not-for-Profit Entities*



Transactions other than volunteer services

Consideration significantly less than FV principally to enable NFP to further objectives?

Yes

Recognise and measure asset as per other Standards

Examples

- Leases
- Property, plant, equipment

Recognise and measure related amounts as per relevant Standards

Examples

- Contributions by owners
- Revenue/contract liability
- Lease liability
- Financial liability
- Provision

Transfer to acquire or construct non-financial asset?

Yes

Recognise income as/when obligation is satisfied

No

Recognise income immediately (residual)

Other Standards apply (eg AASB 15)

No

AASB 9 Financial Instruments



Category	Balance Sheet	Statement of Comprehensive Income
Amortised Cost	<ul style="list-style-type: none"> • amortised cost • impairment allowance 	<ul style="list-style-type: none"> • presented in P&L: <ul style="list-style-type: none"> – interest calculated using the effective interest method – initial impairment allowance and subsequent changes
FVTPL	<ul style="list-style-type: none"> • fair value 	<ul style="list-style-type: none"> • changes in fair value presented in P&L
FVTOCI	<ul style="list-style-type: none"> • fair value 	<ul style="list-style-type: none"> • changes in fair value presented in OCI • presented in P&L: <ul style="list-style-type: none"> – interest calculated using the effective interest method – initial impairment allowance and subsequent changes (with offsetting entry presented in OCI) – foreign exchange gains and losses • cumulative FV gains/losses reclassified to P&L on derecognition or reclassification
Equity FVTOCI	<ul style="list-style-type: none"> • fair value 	<ul style="list-style-type: none"> • changes in fair value presented in OCI • no reclassification to P&L on disposal • dividends recognised in P&L (unless they clearly represent a part-recovery of cost)



AASB 16 - Presentation

Statement of Financial Position

- | | | |
|--|------------|--|
| <ul style="list-style-type: none">• Right-of-use asset• Lease liability | Either by: | <ul style="list-style-type: none">➤ Separate line items, or➤ In the relevant Notes and link |
|--|------------|--|

Income Statement

- Interest expense on the lease liability
- Depreciation charge on right-of-use assets

Statement of Cash Flows

- | | |
|---|---|
| <ul style="list-style-type: none">• Cash payment on the principal | ➤ Financing Activity |
| <ul style="list-style-type: none">• Short-term, low-value and variable lease payments not included in liability measurement | ➤ Operating Activity |
| <ul style="list-style-type: none">• Interest portion | ➤ Apply AASB 107 <i>St' of Cash Flows</i> |