

## **Practical Workshop to Get Your Organisation Ready for New Accounting Standards - AASB 15, AASB 16 & AASB 1058**

### **AASB 15: Revenue from Contracts with Customers / AASB 1058: Income of Not-for-Profit Entities/ AASB 16: Leases**

Professional Accounting bodies have warned that AASB 15, together with AASB 16, represent the most significant change to financial reporting since the International Financial Reporting Standards (IFRS) adoption in Australia in 2005.

The new requirements are expected to result in better matching of income and related expenses as income recognition will now be deferred when there is a performance obligation or any other liability.

Under the new income recognition model, a NFP first considers whether AASB 15 Revenue from Contracts with Customers applies to a transaction or even a part of a transaction. For AASB 15 to apply to a transaction, the performance obligation(s) arising from the transaction needs to be 'sufficiently specific' and 'enforceable'.

Where AASB 15 does apply to a transaction or part of a transaction, the NFP applies the general AASB 15 principles to determine the appropriate revenue recognition. When AASB 15 does not apply to a transaction or part of a transaction, the NFP then considers whether AASB 1058 applies.

Organisations will need to consider impacts which include, but are not limited to, the following:

- The timing of recognition and amount of revenue recognised may change
- changes to the organisation's systems, processes and controls may be required
- extensive new financial reporting disclosures may be required

AASB 15 is effective for accounting reporting periods beginning on or after 1 January 2019.

Effective for accounting reporting periods beginning on or after 1 January 2019, AASB 16 removes the concept of operating and finance leases for lessees, replacing it with a single accounting model. Property and equipment leases previously recognised off-balance sheet will be accounted for as right-of-use assets with associated lease liabilities, bringing more transparency about an organisation's future lease commitments.

Implementing the new leases standard is expected to pose financial and operational challenges, especially for organisations that lease large numbers of assets, hold long-term or complex leases, or have service contracts with embedded leases. Many organisations are not yet well progressed in implementing the standard, despite the effort expected to apply the accounting change.

AASB 16 is effective for accounting reporting periods beginning on or after 1 January 2019.

This workshop will give attendees practical insight into the accounting processes required to account for revenue recognition under AASB 15/ AASB 1058 and account for leases under AASB 16 in the Not-For-Profit environment.