OLD STANDARDS THAT CONTINUE TO PROVIDE CHALLENGES & LATEST DEVELOPMENTS

22 July 2020

ALETTA BOSHOFF
PARTNER & NATIONAL LEADER, IFRS ADVISORY, MELBOURNE

BDO

IMPACT OF COVID-19 ON FINANCIAL REPORTING

https://www.bdo.com.au/en-au/services/audit-assurance/ifrs-advisory-services/coronavirus

International Financial Reporting Bulletins +

- Implications of COVID-19 for lessors
- Accounting for rent concessions: Lessee FAQs
- Impairment implications of COVID-19 (IFRS 9 *Financial Instruments*)
- IFR Bulletin 2020 08 - IASB issues amendments to IFRS 16: COVID-19 related rent concessions
- IFR Bulletin 2020 07 - Impairment implications of COVID-19 (IAS 36 *Impairment of Assets*)
- IFR Bulletin 2020 06 - Amendments to IFRS 16 proposed by the IASB for lessees – rent concessions as a result of COVID-19
- IFR Bulletin 2020 05 - IASB responds to question about IFRS 16 and COVID-19
- IFR Bulletin 2020 03 - Potential effects of the Coronavirus Outbreak on 2020 Reporting Periods and Onward
- IFR Bulletin 2020 02 - Potential effects of the Coronavirus Outbreak on 31 December 2019 Year End Financial Reporting.

Accounting News +

BDO

REGISTER FOR OUR VIRTUAL IFRS MASTERCLASS

Impact of COVID-19 on 30 June 2020 Financial Statements

https://www.bdo.com.au/en-au/services/audit-assurance/ifrs-advisory-services/coronavirus/impact-of-covid-19-on-30-june-2020-financial-statements

LESSEE ACCOUNTING

- BDO Publications
  - https://global-www.bdo.global/getmedia/ead2254f-8fd8-4636-a96a-39f9357d0533/IFRB-2020-11-accounting-for-rent-concessions-FAQ.aspx
  - https://www.bdo.global/getmedia/5dc32444-ab3c-4960-aba3-4a695eb852b7/IFRB-2020-08-IASB-issues-amendments-to-IFRS-16-COVID-19-related-rent-concessions.aspx

- **BDO Lead, our IFRS 16 technology solution - Updated for the practical expedient re IFRS 16!**

LEASE ACCOUNTING … TIME IS RUNNING OUT

BDO Lead SaaS

https://www.bdo.com.au/en-au/services/audit-assurance/ifrs-advisory-services/ifrs-16/ifrs-tool-bdo-lead

BDO Lease Management Services (Outsourcing your lease accounting to us)

https://www.bdo.com.au/en-au/services/audit-assurance/ifrs-advisory-services/ifrs-16/lease-management-services

RECENT ASIC PUBLICATIONS

https://asic.gov.au/regulatory-resources/financial-reporting-and-audit/covid-19-implications-for-financial-reporting-and-audit-frequently-asked-questions-faqs/

https://asic.gov.au/about-asic/news-centre/find-a-media-release/2020-releases/20-157mr-focuses-for-financial-reporting-under-covid-19-conditions/

BDO

RECENT AASB FAQS

https://www.aasb.gov.au/News/AASB-Staff-FAQ-on-Remuneration-Underpayments?newsID=369641

https://www.aasb.gov.au/News/AASB-Staff-FAQ-on-Impairment-of-Non-Financial-Assets?newsID=369639

https://www.aasb.gov.au/News/AASB-Staff-FAQs-on-Accounting-for-Government-Support?newsID=369636

BDO

WHAT WILL WE COVER TODAY?

- Lessor Accounting (IFRS 16)
- Remuneration Underpayments
- Employment Entitlements of Casual Employees
- Adjusting vs Non-adjusting Events (IAS 10)
- Right-of-use assets & AFS Licensees
- Government Assistance (IAS 20), including accounting for government stimulus measures in Australia
- Share-based Payments (IFRS 2)
- Interim Financial Statements (IAS 34)

LESSOR ACCOUNTING - OPERATING LEASES

LESSOR ACCOUNTING – OPERATING LEASES

- ASIC FAQ 9B
  - https://asic.gov.au/regulatory-resources/financial-reporting-and-audit/covid-19-implications-for-financial-reporting-and-audit-frequently-asked-questions-faqs/#nineb

- BDO Publication
  - https://www.bdo.global/getmedia/48fe6a50-e9b6-4a79-a527-91fef743f439/IFRB-2020-12-Implications-of-COVID-19-for-lessors.aspx

LESSOR ACCOUNTING – OPERATING LEASES

- IFRS paragraph 81
  - A lessor shall recognise lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished

- Journal entry to be processed every month
  - Dr Lease Receivable
  - Cr Rental Income

- Should a lessor continue to recognise rental income, if it <u>expects</u> to provide a rent concession to their tenant/lessee?

LESSOR ACCOUNTING – OPERATING LEASES

The effective date of a lease modification is when agreement has been reached between the lessor and the lessee

- The date of the lease modification is <u>not</u> the date the non-binding (non-mandatory) legislation is issued by Federal government in Australia or the various regulations (Codes) are issued by the various states
- No need to account for the following at reporting date (i.e. 30 June 2020 in Australia):
  - Expect to grant a rent concession
  - Still negotiating a possible rent concession
  - No clear what will be agreed with the tenant
  - Still need to do things to finalise the rent concession to be granted
  - Not sure what outcome of arbitration or court case would be
  - Lessor has legal advice that indicates that court will uphold the need for lessor to provide a rent concession for an eligible lessee

BDO

LESSOR ACCOUNTING – OPERATING LEASES

Appropriate accounting treatment if nothing agreed by 30 June 2020

- Apply IFRS 16 and continue to recognise the lease receivable and the rental income (refer to IFRS 16 paragraph 81)
- Determine the expected credit loss in terms of IFRS 9
- IFRS 9 paragraph 5.4.4 states that “An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof…”
- Do we have realistic and supportable assumptions re ECL?

LESSOR ACCOUNTING – OPERATING LEASES

After 30 June and before financials signed, rent concessions agreed between lessor and lessee = Non-adjusting event.

<u>Rent concession agreed re April to June (retrospective)</u>

- Derecognition under IFRS 9. Waiver of receivable at 30 June 2020.
- If amount of rent concession similar to amount included in ECL at 30 June, immediate impact on P&L. Rent concession confirmation of amount included in ECL.
- If amount of rent concession more than amount included in ECL at 30 June, immediate impact to P&L. (NOT spread over remaining lease period per IFRS 16 paragraph 87).

<u>Rent concession agreed re July to September (prospective) = Lease modification</u>

- IFRS 16 paragraph 87 applied. Spreading impact to P&L over remaining lease period.

REMUNERATION UNDERPAYMENTS

REMUNERATION UNDERPAYMENTS
AASB FAQ issued on 17 July 2020

Background

- The underpayment of wages has become a pressing issue in the Australian economy. Several large businesses have admitted (often inadvertently) underpaying staff

- The AASB has released a staff FAQ to remind entities of the accounting standards that may be applicable when accounting for the underpayments

- https://aasb.gov.au/News/AASB-Staff-FAQ-on-Remuneration-Underpayments?newsID=369641

REMUNERATION UNDERPAYMENTS

AASB FAQ issued on 17 July 2020

Underlying fact pattern

- Historically, an entity has not paid certain employees in full compliance with applicable industry awards
- During the current financial year, the company undertook a review to determine the extent of payment shortfalls to current and former employees, including superannuation contributions
- The company has also made the decision in the current year to compensate all affected employees for the inconvenience of the underpayment that occurred by way of a one-off payment in the amount of $1,500 per employee
- This payment is not intended to partially settle the obligation for underpayment (as the amount of the payment shortfall was calculated as a separate payment), but to remediate the employees for any inconvenience

REMUNERATION UNDERPAYMENTS
AASB FAQ issued on 17 July 2020

Issues

- Question 1: In what year should the payments be recorded?
- Question 2: How do I determine whether any prior year payments are material and require a restatement of the financial statements?
- Question 3: What disclosures are required?

REMUNERATION UNDERPAYMENTS

Solution to Question 1

Type of payment	**Year of service the payment relates to:**	**Recognised in financial statements in**	**Prior period error and restatement?**
Underpayment restitution (payment shortfalls)	**Current year service** (Employee service has only been rendered in the current year)	**Current year**	N/A
	Prior year service (Portion of the employee service rendered in the previous year)	Material misstatement – **prior year**	Restate under AASB 108
		Not material misstatement – generally **current year**	May voluntarily adjust in prior year (AASB 101.40A).

REMUNERATION UNDERPAYMENTS

Solution to Question 1

Inconvenience payment ($1,500 per employee)	One-off payment not specifically tied to contractual underpayments or any particular year of service	**Current year** Current year one-off compensation payment to affected employees – as the legal obligation for the underpayment was met by the separate compensation for payment shortfalls, there was no legal obligation for the company to make this one-off payment from prior years. Hence the present obligation has only been reached when the company agreed to make the payment to affected employees (i.e. when employees have a valid expectation) – which is in the current year. (AASB 137.14)	N/A

REMUNERATION UNDERPAYMENTS
Solution to Question 2

- What each employee is entitled to receive, based on past services provided, is outlined in applicable industry awards
- This fact gives rise to a present obligation (i.e., underpayment) from a past event (i.e., the employee's service to the company in the prior year(s))

Prior period errors

- To determine whether the underpayment is a prior period error, consider the definition of prior period errors in AASB 108 paragraph 5:
  - the underpayment results from a failure to use reliable information that was historically available (rates in applicable industry awards);
  - this information could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those prior year financial statements;
  - the error could be viewed as an oversight or misinterpretation of fact

REMUNERATION UNDERPAYMENTS
Solution to Question 2

Requirements

- If the amount involved is considered material, then in accordance with AASB 108.42, the amount would be recorded as an AASB 108 prior period error, i.e., retrospectively
- As defined in AASB 101 Presentation of Financial Statements and explained further in AASB Practice Statement 2 Making Materiality Judgements (APS 2), information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting entity
- The AASB 101 materiality definition also highlights that an assessment is made on the basis of size (quantitative) and nature (qualitative) factors, or a combination of both
- APS 2 further emphasises that an item of information could influence primary users' decisions regardless of its size, and a quantitative threshold could even reduce to zero, such as when information about a transaction, other event or condition is highly scrutinised by the primary users
- For further guidance on materiality, see APS 2 (https://www.aasb.gov.au/admin/file/content102/c3/AASBPS2_12-17.pdf)

REMUNERATION UNDERPAYMENTS

Solution to Question 2

Requirements

- If the entity is in a sector that has been prone to large underpayments or has a large number of employees covered by awards, it is possible that users will have a reasonable expectation that the entity may be at risk of having such underpayments
- In these circumstances, any such underpayments might be considered qualitatively material, regardless of the amounts
- If the amount involved is not considered material, then it could be either:
    - adjusted prospectively in the current period as a change in estimate; or
    - alternatively, the company may still choose to adjust the amount voluntarily in the prior period using the guidance in AASB 101.40A

REMUNERATION UNDERPAYMENTS

Solution to Question 3

- If remuneration shortfall and inconvenience payments are material, regardless of the amounts, the entity should disclose the retrospective restatement of prior period financial statements (AASB101.40C)
- The disclosure of prior period errors includes (AASB 108.49):
  - the nature of the prior period error;
  - the amount of the correction for each line item affected and, if applicable, for basic and diluted earnings per share; and
  - the amount of the correction at the beginning of the earliest period presented
- If retrospective restatement is impracticable, the entity discloses the reasons for that assessment and describes how and from when the error was corrected
- If users of the financial statements might reasonably expect a material remuneration underpayment or inconvenience payments issue, but no underpayments have been made or are expected to be identified by the entity, then the reasons for such an assessment might need to be disclosed

EMPLOYMENT ENTITLEMENTS OF CASUAL EMPLOYEES

EMPLOYMENT ENTITLEMENTS OF CASUAL EMPLOYEES

- The definition of 'casual employee' is unclear. Subject to legal interpretation
- Casuals are often paid a loading to compensate for lack of annual leave, long service leave, compassionate leave, etc
- That is, employers offset the casual loading paid to an employee against claims for permanent entitlements
- The contracts of casuals often specifically state that they are being paid a loading (increased salary) and therefore they are not entitled to additional employment entitlements
- For many years entities have accepted the above as the correct approach!

EMPLOYMENT ENTITLEMENTS OF CASUAL EMPLOYEES

- 2018 Court Decision (*Workpac v Skene)* ruling
  - An employee's patterns of work are the key determinative factor to their employment status
- May 2020 Federal Court Decision (*WorkPac v Rossato*)
  - Confirmed the 2018 Court Case decision
  - Also states that employers cannot offset the casual loading paid to an employee against claims for permanent entitlements
- Currently, the employer is trying to get permission to appeal to Federal Court decision
- Note that the court case only addressed certain employment entitlements
- Requirement to reassess whether an employer has an obligations re all casual employees employed over the last 6 or 7 years

EMPLOYMENT ENTITLEMENTS OF CASUAL EMPLOYEES

- https://www.afr.com/work-and-careers/workplace/later-court-upholds-casuals-double-dipping-precedent-20200520-p54utr

- Questions

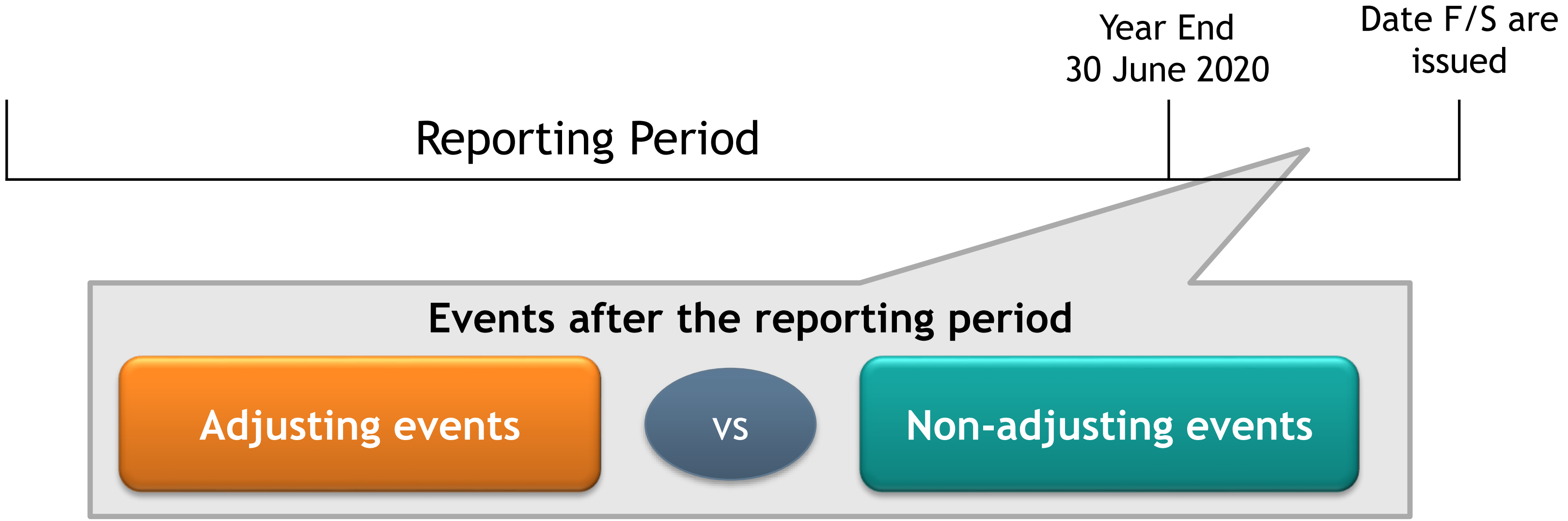
  Assume that an entity had casual employees over the last 6 or 7 years.

  1. At 30 June 2020, does the entity have a liability or a contingent liability?
  2. At 30 June 2020, does the entity have a prior period error or a change in estimate?

- **Recommend that entities obtain a legal opinion**

ADJUSTING VS NON-ADJUSTING EVENTS

IAS 10
Events After the Reporting Period



IAS 10

Introduction

Adjusting event

Provide information of circumstances that existed at the end of the reporting period

Adjust the amounts recognised F/S to reflect adjusting events after the reporting period

Non-adjusting event

Provide information of circumstances that arose after the reporting period

Do NOT adjust the amounts recognised F/S to reflect adjusting events after the reporting period

Involves Judgement

As the COVID situation continues to evolve rapidly, each event needs to be considered separately based on the entity's specific facts and circumstances.

ADJUSTING VS NON-ADJUSTING EVENTS

- Is the lockdown of Melbourne & Mitchell Shire an adjusting or non-adjusting event?
  - 30 June 2020 – Announcement of the lock down of the coronavirus hotspots in Melbourne
  - Melbourne return to lockdown announced on 7 July 2020
  - Melbourne coronavirus numbers increasing rapidly before 30 June (https://www.dhhs.vic.gov.au/coronavirus-update-victoria-30-june-2020)

- **Consequences of the above?**

RIGHT-OF-USE ASSETS & AFS LICENSEES

ROU ASSETS & AFS LICENSEES

- No-action position to allow right-of-use lease assets to count in satisfying AFS licensee requirements

- ASIC will take no regulatory action in relation to a breach of a **financial resource requirement** by an AFS licensee if the breach was caused by the AFS licensee's inability to use a right-of-use asset to satisfy the financial resource requirement and that inability arises from recent changes to the accounting treatment of lease assets as a result of AASB 16

- https://asic.gov.au/for-finance-professionals/afs-licensees/applying-for-and-managing-an-afs-licence/afs-licensing-more-information/no-action-position-to-allow-right-of-use-lease-assets-to-count-in-satisfying-afs-licensee-requirements/

BDO

GOVERNMENT ASSISTANCE (IAS 20)

GOVERNMENT ASSISTANCE (IAS 20)

What is the issue?

- The accounting under IFRS depends on the nature of the government assistance
- The resulting accounting is significantly different for when to recognise and how to measure the government assistance

GOVERNMENT ASSISTANCE (IAS 20)

Definition of government assistance in IAS 20.3

Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. Government assistance for the purpose of this Standard does not include benefits provided only indirectly through action affecting general trading conditions, such as the provision of infrastructure in development areas or the imposition of trading constraints on competitors.

GOVERNMENT ASSISTANCE (IAS 20)

What are the different types of government assistance?

- **Government grant** → Transfer of resources in return for past or future compliance with conditions
- **Income taxes** → Benefits that may impact taxable profit or income tax liability
- **Government ownership interest** → Government participation in the ownership of a company
- **Supplies of goods and services** → Transactions that cannot be distinguished from normal operations
- **Government loans and guarantees** → Loans and guarantees received from the government

GOVERNMENT ASSISTANCE (IAS 20)

Definition of a government grant in IAS 20.3

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

GOVERNMENT ASSISTANCE (IAS 20)

What questions to ask when analysing each type of government assistance?

- Q1: What assistance is received from the government?
- Q2: Is the government assistance provided on market terms?
- Q3: If the assistance is provided on market terms, does the assistance meet the definition of a government grant?
- Q4: If the government assistance is not provided on market terms, is a portion of the assistance a government grant?
- Q5: If a portion of the assistance is a government grant, who is the beneficiary of the government grant?
- Q6: What is the accounting by the beneficiary of the government grant?

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Job keeper

Initial & additional cash flow boosts

Instant asset write offs /Backing business incentives

SME loan guarantee scheme

Deferral of tax liabilities

Low interest ATO payment plans

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Job keeper payments

- $1,500 per fortnight payments from Government to eligible employers for eligible employees
- Employer must pay eligible employees at least $1,500 per fortnight (even if they usually earn less!)
- GST turnover of eligible employers must have decreased by the following amounts over a minimum one-month period from 1 March 2020:
  - 30% - if annual global turnover is less than $1 billion
  - 50% - if annual global turnover is $1 billion
- Special rules for NFPs on turnover reduction
- Employers acting as PRINCIPAL, therefore job keeper receipts from ATO accounted for on a gross basis

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Job keeper payments - For-profit entities

- IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* applies because job keeper payments are 'government grants'
- Job keeper payments are provided by Government in return for compliance with conditions relating to operating activities of the entity (i.e. must continue to employ eligible employees and pay them at least $1,500 per fortnight)
- IAS 20, paragraph 7: Recognise receivable for job keeper payments when 'reasonable assurance' that:
  - Employer will comply with conditions attaching to the grant (i.e. must be an eligible employer and have paid employees $1,500), and
  - The grant will be received
- 'Reasonable assurance' can be judgemental (some cases straight forward and others not)
- At 30 June 2020 - can't accrue all future job keeper payments until September 2020 – can only accrue those paid to employees at 30 June 2020

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Job keeper payments - For-profit entities (continued)

- Presentation of job keeper income and salary expense – follow entity's accounting policy for presenting government grants
- Can be GROSS or NET, but must follow entity's established accounting policy

	GROSS BASIS	NET BASIS
Other income – government grants	$1,500	-
Salaries expense	($1,500)	-

BDO

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Job keeper payments – NFPs

- IAS 20 only applies to for-profit entities
- AASB 1058 *Income of Not-for-Profit Entities* applies
- No sufficiently specific performance obligations so AASB 15 does not apply (continued employment of staff merely an internal activity)
- Apply similar criteria for recognising receivable as for for-profit entities
- At 30 June 2020 - Can’t accrue future job keeper payments
- Presentation must be GROSS as AASB 1058 does not permit offsetting

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Initial & additional cash flow boosts (for-profit and NFPs)

Initial cash flow boost

100% PAYG withheld Jan – June 2020 (minimum $10,000, maximum $50,000)

Additional cash flow boost

= Initial cash flow boost

- Cash refund if no BAS liabilities to offset
- Available for SMEs with aggregate turnover < $50 million, regardless of whether receive 'job keeper'

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Initial & Additional cash flow boosts

- Example PAYG paid January to June 2020 (Quarterly BAS Cycle)

Month	PAYG withheld
January	$10,000
February	$10,000
March	$10,000
April	$15,000
May	$15,000
June	$15,000
Total	**$75,000**

- Initial cash flow boost = Maximum $50,000
- Additional cash flow boost = initial cash flow boost $50,000
- Recognise as government grant income under IAS 20/AASB 1058 (as appropriate) when PAYG withheld

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Initial cash flow boost (Journal entries)

- Entry on 31 January 2020, 29 February 2020 and 31 March 2020

Dr PAYG Liability	$10,000	
Cr Government grant income		$10,000

- Entry on 30 April 2020

Dr PAYG Liability	$15,000	
Cr Government grant income		$15,000

- Entry on 31 May 2020

Dr PAYG Liability	$5,000	
Cr Government grant income		$5,000

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Additional cash flow boost (Journal entries)

- Entry on 31 May 2020

Dr PAYG Liability	$50,000	
Cr Government grant income		$50,000

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Instant asset write offs

- Applies to assets first used, or installed ready for use, from 12 March 2020until 30 June 2020
- Threshold increased from $30,000 to $150,000 for this period
- Applies on a ‘per asset’ basis, i.e. limit = $150,000 per asset
- If cost of individual asset > $150,000 – use BACKING BUSINESS INCENTIVE instead (see next stimulus measure)
- Will need to provide for DTLs if use ‘tax depreciation rates’ for accounting depreciation

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Instant asset write offs (Example)

- ABC purchases and first uses an asset for $100,000 on 1 April 2020
- Asset usually generates Division 40 tax depreciation of 20% on a straight-line basis (same basis for accounting depreciation)
- Tax rate is 30%

- Accounting depreciation 1 April – 30 June 2020 $5,000

  ($100,000 X 20% X 3/12 months)

- Tax depreciation 1 April – 30 June 2020 $100,000

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Instant asset write offs (Example - continued)

▶ Accounting carrying amount – 30 June 2020 *($100,000 - $5,000 depreciation)*	$95,000
▶ Tax base – 30 June 2020	NIL
▶ Assessable temporary differences	$95,000
▶ DTL *(30% x $95,000)*	$28,500

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Backing business incentive

- 15-month investment incentive through to 30 June 2021 to support business investment and stimulate economic growth
- Applies to entities with aggregate annual turnover < $500 million
- Can deduct 50% of cost of eligible assets when asset installed if acquired after 12 March 2020 and first used or installed by 30 June 2020
- NO THRESHOLD – asset can cost anything!
- Useful when cost > $150,000 and therefore don’t qualify for INSTANT ASSET WRITE-OFF

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Backing business incentive (Example)

- ABC purchases and first uses an asset for $10 million on 1 April
- Asset usually generates Division 40 tax depreciation of 20% on a straight-line basis (same basis for accounting depreciation)
- Tax rate is 30%

- Accounting depreciation 1 April – 30 June 2020 $500,000

  ($10 million X 20% X 3/12 months)

- Tax depreciation:

  50% X $10 million $5,000,000

  $5,000,000 X 20% X 3/12 months $ 250,000

BDO

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Backing business incentives (Example - continued)

▶ Accounting carrying amount – 30 June 2020 *($10 million - $500,000 depreciation)*	$9,500,000
▶ Tax base – 30 June 2020 *($10 million - $5,500,000 tax depreciation)*	$4,750,000
▶ Assessable temporary differences	$4,750,000
▶ DTL *(30% x $4,750,000)*	$1,425,000

BDO

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Government SME loan guarantee scheme

- Coronavirus SME Guarantee Scheme set up by Government to support SMEs to get access to working capital
- Government guarantees 50% of new loans issued (maximum loan amount of $250,000) by eligible lenders to SMEs
- Aim is to enhance willingness and ability of banks to loan to SMEs

Example

- SME obtains a three-year loan from Bank X of $250,000 at an interest rate of 5%, of which 50% is guaranteed under the SME loan guarantee scheme
- Principal is repayable at the end of three years, but interest is repayable annually in arrears
- Interest rate would have been 7% if the loan was not guaranteed

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Government SME loan guarantee scheme (continued)

- 2 views on appropriate accounting

View one: Apply IAS 20, para 10A by analogy – Benefit of loans granted by government at below market interest rate treated as government grant income

View two: Apply IAS 20, paragraphs 24 & 29 by analogy – Government grants related to assets are deducted in arriving at carrying amount of assets, and income & expenses offset

BDO

ACCOUNTING FOR GOVERNMENT STIMULUS MEASURES IN AUSTRALIA

Other measures

1. Deferral of ATO payments (interest free)
2. Quarterly reporting BAS to opt for a monthly cycle to access GST refunds for June 2020 quarter sooner
3. Low interest ATO payment plans

- Only impact timing of payments to ATO
- ATO liabilities not financial liabilities under IAS 32.AG12 (statutory liabilities) – so no financing to account for

BDO

SHARE BASED PAYMENTS (IFRS 2)

IFRS 2

Share-based Payment (IFRS 2)

Assessment of certain types of vesting conditions being satisfied may change

Service conditions
(e.g. requirement to remain in entities service for three years in order for SBP to vest)

Non-market performance conditions
(e.g. target based on successful initial public offering)

Market performance conditions
(e.g. target based on market price of entity's equity instruments)

'Forfeiture' accounting if they are not satisfied, with the previously accumulated expense reversed in profit or loss

No change in accounting if the conditions are not satisfied

IFRS 2 – CASE STUDY 1

Modification of market condition and insertion of non-market condition

Background

- On 1 January 2018 Entity H issued 100 options to each of its 100 employees (i.e. a total of 10,000 options), with an exercise price of £1, that will vest on 31 December 2020 provided the following conditions are met:
    - The employee remains in employment for the 3-year period, and
    - A target share price of **£50** per share is met at any point during the 3-year vesting period.
- On grant date, Entity H estimates there is a **90% probability** of the share price reaching the target during the 3-year vesting period. The share price on grant date was £40 per share. Entity H also expects 90 of the employees to remain in employment to the end of the vesting period.
- The **fair value** of the option on grant date is **£35** per option, measured using a binomial option pricing model.

IFRS 2 – CASE STUDY 1

Modification of market condition and insertion of non-market condition

Background (cont)

- During the period ended 31 December 2018:
  - The share price did not reach the target of £50 per share
  - 10 employees that were part of the share-based payment scheme left Entity H.
- During the period ended 31 December 2019:
  - The share price did not reach the target of £50 per share
  - A further 15 employees that were part of the share-based payment scheme left Entity H.

IFRS 2 – CASE STUDY 1

Modification of market condition and insertion of non-market condition

Question

What **cumulative expense** that Entity H should recognise for the share-based payment at the end of the second year (i.e. expense for the years ending 31 December 2018 and 31 December 2019)?

- £233,333 ((100 employees x 100 options x £35) x 2/3)
- £175,000 ((75 employees x 100 options x £35) x 2/3)
- £210,000 ((90 employees x 100 options x £35) x 2/3)
- £333,333 ((100 employees x 100 options x £50) x 2/3)

IFRS 2 – CASE STUDY 1

Modification of market condition and insertion of non-market condition

Additional background information

- During March 2020 there was a severe economic downturn and the share price decreased to £32 (from a high of £39 per share). On 30 April 2020 Entity H decided to modify the share option plan to:
    - Reduce the target share price to £40 per share at any point during the remaining 8 months of the (3-year) vesting period
    - Introduce an additional vesting condition in that Entity H's revenue for the six months from 1 July 2020 – 31 December 2020 must increase by 30% compared to the revenue recorded from 1 January 2020 – 30 June 2020.
        - This additional vesting condition is expected to be unfavourable to the employees because at the date of modification, trading conditions were very tough and it is not expected that the employees will be able to meet this condition.

IFRS 2 - CASE STUDY 1

Modification of market condition and insertion of non-market condition

Question

How should Entity H account for the modified share option plan during 2020?

IFRS 2 – CASE STUDY 1

Modification of market condition and insertion of non-market condition

Additional background information

- The fair value of the original share options granted at the time they were modified was £23 per option.
- The fair value of the modified option plan is £10 per option (i.e. the increase in fair value due to the reduction in target share price is substantially outweighed by the introduction of the revenue target).
- By December 2020:
  - The target share price of £40 per share was reached on 15 November 2020.
  - A further 10 employees left Entity H.
  - The revenue vesting condition was not met, therefore the share options did not vest and therefore none ever became exercisable.

IFRS 2 – CASE STUDY 1

Modification of market condition and insertion of non-market condition

Answer

Modification	Is this modification beneficial to the employees?	Accounting treatment
Market vesting condition: Reduce the target share price	Yes. Reducing the exercise price of the options means that it is more likely that the options will vest.	The effects of modifications to share-based payment arrangements that are <u>beneficial</u> to employees must be accounted for (IFRS 2.27). As the modification decreases the fair value of the share options granted, Entity H applies the guidance in IFRS 2.B42 to continue to recognise the services received in exchange for the share-based payment based on the grant date fair value.
Non-market vesting condition: Introduce a non-market vesting condition (i.e. condition that revenue must increase by 30% for final 6 months of the year)	No. The introduction of the non-market vesting condition has been assessed as being very difficult to achieve, meaning that this condition is not favourable to the employees.	Entity H **continues to account for the share-based payment expense that would have been recognised under the original plan**, prior to it introducing a non-market vesting condition that is not beneficial to the employee *(i.e. this is an anti-avoidance requirement to ensure that Entity H cannot structure a modification to a share-based payment plan so the entire expense can be reversed)*. [IFRS 2.27 & B42]

IFRS 2 - CASE STUDY 1

Modification of market condition and insertion of non-market condition

Answer (continued)

Determine if there has been an increase or decrease in the fair value of the SBP award at the date of modification:

30 April 2020	£
Fair value of award BEFORE modification	23
Fair value of award AFTER modification	10
Decrease in fair value of award	(13)

- Entity H notes that while there has been a decrease in the fair value of the share-based payment award, it must still account for the original fair value of the equity instruments granted (IFRS 2.B42).

- Entity H is only able to reduce the share option expense for the 35 employees that left during the vesting period (i.e. where the service condition was not met).

IFRS 2 - CASE STUDY 1

Modification of market condition and insertion of non-market condition

Answer (continued)

Entity H recognises the following expense for year 3 (i.e. for the year ending 31 December 2020):

Year ended	SBP Expense	Comment
31 December 2020	£52,500	Recognise 1/3 of expense for 65 employees that remained in employment at the end of the vesting period (65 X 100 X £35) – £175,000 = £52,500. Note: Reverse expense for additional 10 employees that left during the vesting period (i.e. failure to meet service condition).
TOTAL EXPENSE RECOGNISED FOR SHARE OPTION AWARD	**£227,500**	

IFRS 2 – CASE STUDY 2

Employee stood down for 6 month period

Background

- On 1 January 2018 Entity I issued 100 options to each of its 100 of its employees (i.e. a total of 10,000 options) that will vest on 31 December 2021 provided the employee remains in employment for the entire 4-year period. On grant date, Entity I expects all options to vest.
- The fair value of the option on grant date is $20 per option, measured using the Black-Scholes option pricing model.
- Employees left in period:
  - 1 January 2018 – 31 December 2018 – Nil
  - 1 January 2019 – 31 December 2019 – Nil
- Employees expected to leave prior to options vesting when assessing at each year-end:
  - 31 December 2018 – Nil
  - 31 December 2019 - Nil

IFRS 2 – CASE STUDY 2

Employee stood down for 6 month period

Background (cont)

- During March 2020 there was a severe economic downturn and on 1 April 2020, 80 (out of 100 total employees) employees that were part of the plan were 'stood down' without pay for an indefinite period of time because Entity I's operations have been severely restricted. They agree to return to work at Entity I's request. Entity I did not cancel the share-based payment plan or modify it, and will continue to allow all employees to participate in the plan so long as they remain employed by Entity I. In other words, the employees' options will still vest if they still satisfy the vesting condition which is to remain employed continuously to 31 December 2021.
- During the period that the employees were 'stood down', they were standing ready to resume work and they technically remained employees of by Entity I during this period.
- On 1 December 2020, of the 80 employees that has been stood down, 70 employees returned to work. The remaining 10 employees left Entity I during the stand down period as they found alternative employment.
- On 31 December 2021 share options for 90 employees vested, i.e. 70 employees that had been stood down plus the original 20 that has not been stood down.

IFRS 2 - CASE STUDY 2

Employee stood down for 6 month period

Question

How should Entity I account for the share-based payment arrangement? Consider the following periods in your answer:

1. 1 January 2018 – 31 December 2019
2. 1 January 2020 – 31 December 2020. *In particular focus on how Entity I should account for the options during the stand down period.*
3. 1 January 2021 – 31 December 2021

IFRS 2 - CASE STUDY 2

Employee stood down for 6 month period

Answer 1 - Accounting for the period 1 January 2018 - 31 December 2019

- Entity I notes the grant of options to employees is an equity settled share-based payment arrangement that includes a service condition.
- It recognises the following expense for the first 2 years (i.e. over the vesting period when the services are rendered):

Year ended	SBP Expense	Comment
31 December 2018	$50,000	Recognise 1/4 of expense for 100 employees share options expected to vest at end of year 1 ((100 x 100 x $20) x 1/4)
31 December 2019	$50,000	Recognise 1/4 of expense for 100 employees share options expected to vest at end of year 1 ((100 x 100 x $20) x 2/4 - $50,000)
TOTAL EXPENSE RECOGNISED AT END OF YEAR 2	$100,000	

IFRS 2 – CASE STUDY 2

Employee stood down for 6 month period

Answer 2 - Accounting for the period 1 January 2020 - 31 December 2020

- During the period the employees have been 'stood down' Entity I needs to determine whether it should:
  1. Continue to recognise a portion of the grant date fair value attributable to each period the employees are 'standing ready' to commence work (e.g. 1/48th per month), or
  2. Suspend recognition of the expense that would otherwise be attributable to each month of 'service'

IFRS 2 – CASE STUDY 2

Employee stood down for 6 month period

Answer 2 - Accounting for the period 1 January 2020 – 31 December 2020 (cont)

- Entity I should apply option 1 and continue to recgonise an expense:
  - Employees MUST remain employed by Entity I for the entire four year vesting period in order for the awards to vest
    - During the 'stand ready' period 70 out of the 80 employees that were stood down remained employees of Entity I.
  - IFRS 2.15 requires that entities presume that services are rendered by the counterparty (i.e. the employees) over the period of time required to satisfy the service condition. It does not matter that the employees are not actually providing services to Entity I, since IFRS 2.15 states that an entity must 'presume' that services are rendered.
- Entity I is able to revise its estimate of the number of options expected to vest for any employees that do not meet the service condition.

IFRS 2 - CASE STUDY 2

Employee stood down for 6 month period

Answer 2 - Accounting for the period 1 January 2020 - 31 December 2020 (cont)

- Entity I recognises the following expense year-ended 31 December 2020:

Year ended	SBP Expense	Comment
31 December 2020	$35,000	Recognise 1/4 of expense for 100 employees share options expected to vest at end of year 3 ((100 x 100 x $20) x 3/4 = $150,000) *Less* 3/4 of expense for employees that left employment of Entity I during the 'stand ready' period ((10 x 100 x $20) x 3/4 = $15,000) *Less* Amount already recognised as an expense in prior periods - $100,000)
TOTAL EXPENSE RECOGNISED AT END OF YEAR 3	$135,000	

IFRS 2 - CASE STUDY 2

Employee stood down for 6 month period

Answer 3 - Accounting for the period 1 January 2021 - 31 December 2021

- The share options for 90 employees vested on 31 December 2021. Entity I recognises the following expense year-ended 31 December 2021:

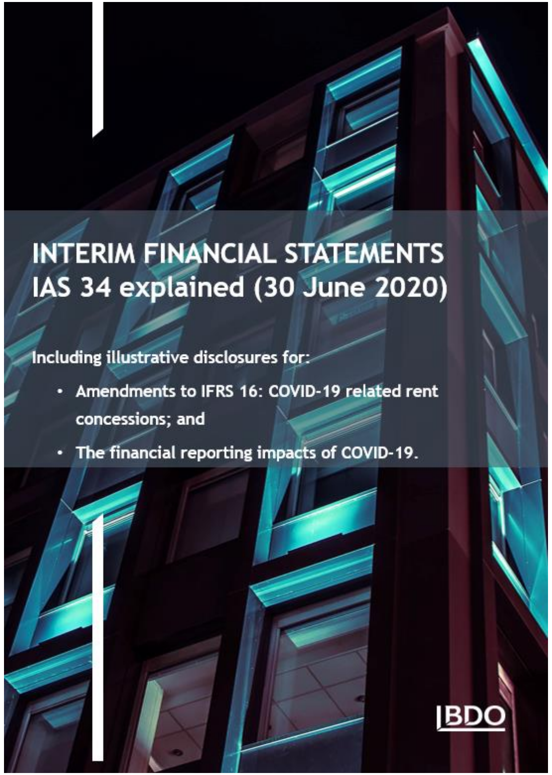
Year ended	SBP Expense	Comment
31 December 2021	$45,000	Recognise 1/4 of expense for 90 employees share options that vested at the end of year 4 ((90 x 100 x $20) x 4/4 = $180,000 - $135,000)
TOTAL EXPENSE RECOGNISED FOR THE SHARE-BASED PAYMENT PLAN	$180,000	

DISCLOSURES IN INTERIM FINANCIAL STATEMENTS (IAS 34)

INTERIM FINANCIAL STATEMENTS

What are the consequences of COVID-19 on interim financial statements?

- Illustrative interim financial statements as at 30 June 2020 have been released, which discusses the .
- This publication discusses many of the financial reporting effects of COVID-19, however, it is not inclusive of every scenario (i.e. it is not a 'template').
- Extent of disclosures compared to past interim financial statements will increase significantly for many entities.



INTERIM FINANCIAL REPORTING

What is the objective of the disclosure and presentation in an interim financial statement?

- Many aspects of an entity's financial reporting may be significantly affected by the coronavirus outbreak, which would require significant disclosure in an interim financial statement
- Entities should provide additional entity specific disclosure about the financial impact of COVID-19, reflecting its own circumstances.

The interim financial report is intended to provide an update on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. (IAS 34.6)

An entity shall include in its interim financial report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. (IAS 34.15)

INTERIM FINANCIAL REPORTING

How might COVID-19 affect presentation in the statement of comprehensive income?

- Line items are typically the same as the most recent annual financial statement.
- Additional line items may need to be presented when they are relevant to an understanding of the entity's financial performance (IAS 1.85).
- More line items than previous interim financial statements may be required.
- Line items must be made up of amounts recognised and measured in accordance with IFRS (IAS 1.85A(a)).

Interim consolidated statement of comprehensive income
(Single statement approach, analysed by function of expense)
For the six months ended 30 June 2020

(in CU '000)	Note	2020	2019
Revenue	4,5	69,081	83,432
Cost of sales		(55,671)	(65,883)
Gross profit		**13,410**	**17,549**
Other operating income		530	611
Rent concessions	3(c)	1,505	-
Government grants	3(d)	1,848	-
Inventory writedown	3(b)	(1,950)	-
Impairment losses	3(a)	(2,100)	-
Loss from disposal group	7	(214)	
Administrative expenses		(4,613)	(4,362)
Distribution expenses		(4,389)	(4,581)
Other expenses		(3,101)	(4,465)
Profit from operations		**926**	**4,752**

INTERIM FINANCIAL REPORTING

What are examples of line items that would not be permitted to be presented in the statement of comprehensive income?

- Must be based on historical financial information, not hypothetical comparisons to what revenue and expenses 'would have been' if not for COVID-19. Explaining the effects of COVID-19 may be appropriate in MD&A.
- Identifying 'additional costs' relating to COVID-19 may be challenging, especially in the near future as certain costs become typical expenses related to operations.

Potential line item	Analysis
COVID-19 expenses	May not be possible to verify what expenses would have been otherwise; not historical information
Decrease in revenue due to COVID-19	Not based on historical information or amounts recognised in accordance with IFRS

BDO

INTERIM FINANCIAL REPORTING

How might COVID-19 affect APMs (alternative performance measures)?

- Disclosure of APMs / non-GAAP measures are governed by regulation and law in different jurisdictions.
- Consistent messages from securities regulators:
  - COVID-19 is not a justification to change the basis of the calculation of APMs to improve perceived performance;
  - Any COVID-19 related items included in APMs raise both existence (‘is this an incremental cost?’) and completeness (‘does this include all such items?’) risks; and
  - Not all effects of the pandemic are non-recurring (IOSCO 29 May 2020).

INTERIM FINANCIAL REPORTING

How might COVID-19 affect disclosures relating to going concern?

- When assessing the ability of an entity to continue as a going concern, COVID-19 may introduce material uncertainty.
- IAS 1.26 requires this analysis to include information relating to the future at least, but not limited to, 12 months from period end.
  - Certain jurisdictions' securities or auditing regulations require this assessment for a longer period of time (e.g. 12 months from the date of authorisation of the F/S).

Nearly all entities will have significant judgments and estimates (IAS 1.122 and 125) affecting going concern assessment.

Entities must provide such disclosure.

INTERIM FINANCIAL REPORTING

What kinds of significant judgments and estimates might be disclosed relating to going concern?

- Will depend on the extent of the uncertainty. Questions to be asked:
  - What is the entity expecting to occur? How will it affect going concern?
    - Cannot disclose only positive expectations; completeness is key.
  - What is the entity counting on to occur in order to continue operations?
    - As yet uncommitted financing or investments from shareholders?
    - Additional government assistance?
    - Increases in revenue? Reductions in mandated social distancing?
  - How uncertain are these assumptions?
  - What is within and outside the control of the entity?

INTERIM FINANCIAL REPORTING

How might COVID-19 affect disclosure of significant judgments and estimates?

- Disclosed on the basis of what has changed since the annual financial statement; this may be significant.
- What historical information used as the basis for many estimates is no longer appropriate? If significant, it should be disclosed.

2 Significant accounting policies (continued)

Use of estimates and judgements

There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods. However, as discussed in Note 3, the effects of COVID-19 have required significant judgments and estimates to be made, including:

(a) Whether rent concessions satisfy the criteria to be accounted for using the practical expedient introduced by the amendments to IFRS 16;
(b) Assessing whether the entity has reasonable assurance as to whether it will comply with the conditions attached to government grants;
(c) Determining the net realisable value of inventory that has become slow moving due to the effects of COVID-19;
(d) Calculating the recoverable amount for cash generating units that exhibit indicators of impairment as at the period end, and determining the amount of goodwill impairment attributable to the cash generating units; and
(e) Determining which information obtained subsequent to period end provides evidence of conditions that existed as at the end of the reporting period ('adjusting events after the reporting period') and which do not ('non-adjusting events after the reporting period'). For disclosure of non-adjusting events after the reporting period, refer to Note 11.

Additionally, while the changes in the following estimates and judgments have not had a material impact on A Layout, the effects of COVID-19 have required revisions to:

(a) Estimates of customer returns and the determination of A Layout's methodology for estimating the transaction price for sales subject to rights of return;
(b) Estimates of expected credit losses attributable to accounts receivable arising from sales to customers on credit terms, including the incorporation of forward-looking information to supplement historical credit loss rates; and
(c) The methodology used to estimate the fair value of equity instruments classified as level 3 in the fair value hierarchy, as their valuation techniques incorporate significant unobservable inputs.

INTERIM FINANCIAL REPORTING

How might COVID-19 affect disclosure of significant events and transactions since the last annual financial statement?

- The disclosure requirements of most other IFRSs do not apply to interim F/S by default, unless included as a requirement by IAS 34.16A (e.g. segmentation of revenue, as required by IFRS 15).
- When an event or transaction is significant, disclosure should be made based on the requirements of the applicable IFRS (e.g. IAS 36 if impairment is recorded).
- It may be beneficial to disclose all significant events and transactions in a single note (ESMA).
- Disclosures may be much more extensive than previous interim financial statements.

(a) Decrease in sales and cash flows, including impairment of goodwill (continued)

These cash flow projections were weighted as noted above for all cash generating units except for those related to GTSE, where the negative case was weighted 40% and the positive case was weighted 0%. This is due to expec…

3 Significant events and transactions

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Since then, A Layout has experienced significant disruption to its operations in the following respects:

- The closure of many retail locations due to local governments mandating that shopping centres and other 'non-essential' businesses cease normal operations;
- Disruptions in the supply of inventory from major suppliers;
- Decreased demand for certain products as a consequence of social distancing requirements and recommendations;
- Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for A Layout's primary products.

The significant events and transactions that have occurred since 31 December 2019 relate to the effects of the global pandemic on A Layout's interim consolidated financial statements for the six months ended 30 June 2020 and are summarised as follows.

(a) Decrease in sales and cash flows, including impairment of goodwill

As disclosed in Note 4, most revenue streams have experienced significant reductions since the pandemic's effects became widespread. A Layout considered the reduced sales and reductions in budgeted revenue as indicators of impairment, and therefore determined the recoverable amount for all of its cash generating units. The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use was higher in all cases due to the nature of the assets included in the carrying amount of cash generating units.

Groups of cash generating units are summarised as follows, with each retail location for A Layout and Great Times Sports Equipment representing a distinct cash generating unit:

- Online sales function;
- A Layout branded retail locations; and
- Great Times Sports Equipment (GTSE) retail locations.

Recoverable amount exceeded the carrying amount of all cash generating units based on forecast cash flows, except for GTSE. The cash flow forecasts are based on budgets for the next 5 years, with a terminal value thereafter. The cash flows were probability weighted based on the following scenarios:

1. Base case (50% weighting): stores remain closed for 8 weeks, with consumer demand not returning to pre-pandemic levels until February 2021, resulting in a significant effect on most of the Christmas selling season.
2. Positive case (20% weighting): stores remain closed for 4 weeks, with consumer demand returning to pre-pandemic levels by November 2020, in time for the Christmas selling season.
3. Negative case (20% weighting): stores remain closed for 12 weeks, with consumer demand not returning to pre-pandemic levels until June 2021.
4. Worst case (10% weighting): stores remain closed for 20 weeks, causing significant disruptions to the 2020 Christmas selling season, with consumer demand not returning to pre-pandemic levels until November 2021.

The terminal value includes a growth rate of 2.5%, which is the average long term growth rate for A Layout's industry.

INTERIM FINANCIAL REPORTING

How might COVID-19 affect disclosure of significant events and transactions since the last annual financial statement? (continued)

- Examples included in A Layout include:
  - Impairment of PP&E, ROU assets and goodwill;
  - Inventory write-downs;
  - Rent concessions and the application of the amendments to IFRS 16;
  - Government grants; and
  - Covenant violations.

INTERIM FINANCIAL REPORTING

How might COVID-19 affect disclosure of events after the reporting period?

- IAS 34.16A(h) requires disclosure of events after the interim period that have not been reflected in the interim financial statements.
- Disclosures may include:
  - Updates to assumptions and estimates made as at period end (e.g. major assumptions in impairment calculations, such as forecasted sales, delinquency of loans, etc.);
  - Significant events and transactions occurring subsequent to period end (e.g. changes in lockdowns/business interruption, government grants or rent concessions received, etc.); and
  - Adjustments to plans of action from management.

DO YOU NEED ASSISTANCE?

ASSISTANCE WITH IFRS 16 CALCULATIONS

1 to 10 leases

10 to 200 leases

More than 200 leases

Excel

BDO Lease Management Services

BDO Lease Management Services

BDO Lead SaaS

BDO Lease Management Services

AASB 16 Masterclasses

BDO

DO YOU NEED ASSISTANCE FROM OUR IFRS EXPERTS?

BDO Lead Software-as-a-Service (BDO Lead SaaS)

- If you are looking for an easy-to-use IFRS 16 compliant technology solution to manage your lease portfolio, look no further than BDO Lead. BDO Lead gives you control over you lease data and the ability to process changes and prepare reports effectively and efficiently across all your leases
- BDO Lead has been developed by our IFRS experts and custom-built by our IT experts. BDO Lead is a cloud solution hosted on Microsoft Azure in Canberra
- The main benefits of using BDO Lead, are that you have control of your own data but also access to our very experienced IFRS experts to talk you through the relevant considerations when performing your lease calculations

BDO Lease Management Services

(Outsourcing of your lease accounting)

- Many entities are currently grappling with the implementation of IFRS 16, and also starting to contemplate ongoing management of their lease portfolio
- Our clients are telling us that they want the best possible lease accounting outcomes for their business, and they want the associated process to be easy and cost-effective. In short, our clients want the best lease accounting outcome without any hassle
- We have responded to these requests from our clients, by creating BDO Lease Management Services where our clients outsource their lease accounting problems to our experienced IFRS experts
- We know and understand the intricacies of IFRS 16, AND we have an amazing technology solution (BDO Lead) to perform all the required calculations

AASB 16 Masterclasses

- Our hands-on masterclass will have you ready to adopt AASB 16
- Run by BDO's IFRS Advisory experts, it will assist you in preparing the journals for adoption of AASB 16
- Through the use of a practical case study and Excel, attendees will leave the day with an in-depth knowledge of:
  - How to perform the initial calculation of the lease liability and the related interest expense efficiently
  - How to perform the initial calculation of the ROU asset and the related depreciation expenses efficiently
  - The ongoing reassessments required to the lease liability and ROU asset as a result of CPI increases, market reviews and changes to the lease term due to various options
  - The ongoing modification of the lease liability and the ROU asset

FREE RESOURCES

- Monthly Webinars
  - https://www.bdo.com.au/en-au/insights/audit-assurance/webinars/2019-bdo-financial-reporting-and-accounting-standards-webinar-series
- Interactive E-learning
  - https://www.bdo.com.au/en-au/services/audit-assurance/ifrs-advisory-services/accounting-standards-training
- Monthly Accounting News
  - https://www.bdo.com.au/en-au/accounting-news/accounting-news-december-2019
- IFRS Publications
  - https://www.bdo.com.au/en-au/services/audit-assurance/ifrs-advisory-services/ifrs-publications

BDO

BDO IFRS ADVISORY

Melbourne & National

Aletta Boshoff
Partner
aletta.boshoff@bdo.com.au
+61 3 9603 1808

Sydney

Kevin Frohbus
Partner
kevin.frohbus@bdo.com.au
+61 2 8264 6696

Brisbane

Clark Jarrold
Partner
clark.jarrold@bdo.com.au
+61 7 3237 5654

Perth

Wayne Basford
Partner
wayne.basford@bdo.com.au
+61 8 6382 4715

Perth

Susan Oldmeadow-Hall
Partner
susan.oldmeadow-hall@bdo.com.au
+61 8 6382 4670

DISCLAIMER