



**Subject:** Minutes of the 176<sup>th</sup> meeting of the AASB  
**Venue:** Videoconference  
**Time(s):** Thursday, 11 June 2020, 9.00 am – 4.15 pm

All agenda items except items 1, 11, 12 and 13 were discussed in public.

## Attendance

Members	Keith Kendall (Chair) Mike Blake (Deputy Chair) Kimberley Crook Peter Gibson (to 9.30 am and from 12.00 pm) James Grant (to 10.00 am and 11.00 am – 3.00 pm) David Holland Ken Liow Carmen Ridley (to 3.40 pm) Paul Rogers Stephen Taylor Alison White
Apologies	Peter Gibson (9.30 am – 12.00 pm) James Grant (10.00 am – 11.00 am and from 3.00 pm) Carmen Ridley (from 3.40 pm)
<i>In attendance</i>	
Staff	Clark Anstis Patricia Au James Barden Kimberley Carney Fridrich Housa Akaash Kumar Ao Li Tom Liassis Meina Rose Helena Simkova Justin Williams Kathy Xu
Other	Jim Paul – agenda item 7 Ann Tarca – agenda item 6



## **Agenda and Chair's Report**

### Agenda Item 1

The Chair noted the significant items on the agenda and provided the Board with an update on recent and future activities. This agenda item was discussed in private.

## **Apologies, Declarations of Interest, Minutes and Approvals Out of Session**

### Agenda Item 2

#### ***Apologies***

Apologies were noted from Peter Gibson, James Grant and Carmen Ridley, each for part of the meeting.

#### ***Declarations of Interest***

Members indicated that, in the normal course of their day-to-day professional responsibilities, they deal with a broad range of financial reporting issues. Members have adopted the standing policy in respect of declarations of interest that a specific declaration will be made where there is a particular interest in an issue before the Board.

A specific declaration was noted from Kimberley Crook in respect of the New Zealand Accounting Standards Board's work on going concern disclosures, relating to the COVID-19 Update (agenda item 3).

#### ***Minutes***

The Board approved the minutes of the one hundred and seventy-fifth meeting, held on 30 April 2020.

#### ***Approvals Out of Session***

The Board noted the out-of-session approval of the following document since the last meeting:

- Exposure Draft ED 301 *Classification of Liabilities as Current or Non-current—Deferral of Effective Date* (May 2020).

## **COVID-19 Update**

### Agenda Item 3

#### ***Going Concern Disclosures***

The Board noted differences between the going concern disclosure requirements and expectations in accounting and auditing Standards and the New Zealand Accounting Standards Board's project proposing New Zealand additional financial statement disclosures relating to going concern uncertainties and judgements. The Board decided not to add a corresponding project to the AASB's Work Program for the following reasons:

- standard-setting action in Australia does not appear to be justified or sufficiently significant to warrant disclosures additional to IFRS Standards, in accordance with the AASB's standard-setting



frameworks. The Board considers there are issues relating to going concern disclosures (and other aspects of the going concern assessment) that should be addressed at an international level;

- no negative consequences were identified for entities dual-listed in Australia and New Zealand if additional disclosure requirements are mandated only in New Zealand; and
- the AASB has already discussed issues related to going concern disclosures through the AASB-AUASB Joint Publication *The Impact of COVID-19 on Going Concern and Related Assessments*.

Instead, the Board decided to undertake a longer-term project to influence the IASB to undertake a fundamental review of the requirements related to going concern assessments and disclosures and the basis of accounting where the going concern assumption is no longer appropriate.

### ***Amendments to AASB 16 – Impact on Tier 2 Entities and NFP Lessors***

The Board discussed several matters raised in relation to pending amendments to AASB 16 *Leases* regarding COVID-19-related rent concessions (on which the Board is currently voting) and decided:

- that the new disclosures, and the disclosure relief, to be added to AASB 16 as a result of the amendments should also apply to Tier 2 entities, regardless of whether they are reporting under the Reduced Disclosure Requirements or the new Simplified Disclosures framework. An exposure draft with proposed amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* will be issued shortly with a comment period of 14 days. This will ensure entities intending to adopt AASB 1060 early for June 2020 financial reporting periods will continue to have all relevant disclosures in one Standard and will not need to refer to other Standards such as AASB 16 to identify any disclosure requirements;
- to not propose additional relief for lessors in the not-for-profit (NFP) sector in accounting for COVID-19-related rent concessions. The Board acknowledged the challenges faced by both for-profit (FP) and NFP entities as lessors during the current circumstances and considered that challenges in the NFP sector are similar in nature and extent to those for FP lessors. The Board considered the IASB's reasons for deciding not to propose relief for lessors in the FP sector, decided those reasons are equally relevant for NFP lessors, and did not support NFP standard-setting activity, in accordance with the AASB's NFP entity standard-setting framework; and
- to consider whether there is any additional impact on below-market leases at a future meeting, if concerns are raised by stakeholders.

### ***Additional Staff FAQs in Progress***

The Board also noted the development of two COVID-19-related AASB Staff FAQs, addressing the accounting for government support and the impairment of non-financial assets. The Staff FAQs are expected to be published on the AASB's website before 30 June 2020.

Action:

Staff



## Primary Financial Statements

### Agenda Item 4

The Board made preliminary decisions to provide the following feedback to the IASB in response to its Exposure Draft ED/2019/7 *General Presentation and Disclosures*:

- with respect to proposals related to associates and joint ventures, a recommendation to not require entities to distinguish whether they are integral or non-integral, but instead to simply present all associates and joint ventures in a single line item below the operating category;
- general support for the proposals relating to analysis of operating expenses, but a recommendation to reconsider requirements for specified minimum line items that may result in an analysis by function becoming a mixed analysis by default;
- with respect to proposals related to unusual income and expenses, general support for the principle of providing information about future cash flows, but to recommend the IASB:
  - permit the consideration of information about the past in making an assessment of the possible future recurrence of an item of income or expense. The Board noted that making an assessment about the future without reference to the past could be practically challenging, including for auditors;
  - to consider expanding the scope to capture unusual items that may recur in the next reporting period, but otherwise not recur in the future, such as a restructure; and
  - to require disclosure of the tax effects and the impact on non-controlling interests of unusual items of income and expenses; and
- with respect to proposals related to management performance measures (MPMs), to recommend making the definition of MPMs less restrictive by removing requirements for MPMs to be faithfully representative and to complement totals or subtotals specified by IFRS Standards.

The Board will finalise its comments to the IASB at its September 2020 meeting, after considering any further feedback from Australian constituents in response to the Board's own ED 298 *General Presentation and Disclosures*, which is open for comment until 15 August 2020.

Action:

Staff

## NFP Conceptual Framework

### Agenda Item 5

The Board approved the project plan to modify the AASB's *Conceptual Framework for Financial Reporting* where necessary to address NFP private and public sector considerations, so that the Conceptual Framework can be applied to NFP entities.



## IASB Update

### Agenda Item 6

Ann Tarca, IASB Board member, discussed a number of the current projects of the IASB with the Board. No decisions were made.

## Fair Value Measurement for NFP Entities

### Agenda Item 7

The Board tentatively decided to clarify the limited-scope proposals for additional disclosures by public sector NFP entities in relation to restricted land held primarily for its service capacity:

- the proposed disclosure of the amounts of any material adjustments deducted from the current market buying price of equivalent unrestricted land reflecting restrictions imposed on the use of the land for the public-sector-specific purpose of holding the land;
- the proposed disclosure would apply regardless of whether the difference between the land's fair value measurement and the current market buying price of equivalent unrestricted land resulted from explicitly adjusting that current market buying price; and
- 'equivalent unrestricted land' is a parcel of land that is in proximity to the land being measured, capable of providing the same services (or utility) as the parcel of land being measured and not restricted for the public-sector-specific purpose as the parcel of land being measured.

The Board noted feedback received from stakeholders during staff's initial outreach activities on the proposals, including issues raised regarding the scope and nature of the proposed disclosures. The Board asked staff to consult further with stakeholders about:

- the trade-off between information relevance and possible disclosure overload in providing the proposed disclosures at either a class-of-asset level or the level of subclasses of land for which different valuation techniques are used or different rezoning probability adjustments are made;
- quantitative information about the significant unobservable inputs used in the fair value measurement resulting in a deduction from the current market buying price of equivalent unrestricted land; and
- disclosing the cost, and the adjustment deducted from cost, of a parcel of land acquired during the reporting period for which a material adjustment was made to reflect a restricted public-sector-specific purpose imposed on its use.

Action:

Staff



## **For-Profit Entity Standard-Setting Framework**

### Agenda Item 8

The Board considered revisions to *The AASB's For-Profit Entity Standard-Setting Framework* (May 2018). A draft revised version will be provided to the Financial Reporting Council for review before being finalised. The revisions are needed as a number of Australian Accounting Standards, AASB policy documents and other documents referred to in the Framework have been superseded or updated. The revised Framework would also reflect that, for annual periods beginning on or after 1 July 2021, for-profit private sector entities are no longer permitted to prepare special purpose financial statements, subject to limited exceptions.

Action: Staff

## **Documents Open for Comment**

### Agenda Item 9

The Board noted the current and forthcoming international documents open for comment for which it had previously decided to prepare submissions.

Action: Staff

## **Other Business – Public**

### Agenda Item 10

The Board decided not to amend AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* to include the new disclosures resulting from the anticipated amendments to AASB 116 *Property, Plant and Equipment*. The amendments (on which the Board is currently voting) would clarify the accounting requirements for proceeds received from selling items produced while testing an item of property, plant and equipment before its intended use. The Board considered the new disclosures would be unlikely to be significant for Tier 2 entities.

## **Other Business – Private**

### Agenda Item 11

The Board discussed the effect of termination for convenience clauses in contracts on the recognition of liabilities. No decisions were made. This agenda item was discussed in private.

## **Work Program, KPI Tracking and Priorities for Next Meeting**

### Agenda Item 12

The Board noted the work program and discussed project priorities. This agenda item was discussed in private.



## **Review of the Meeting**

Agenda Item 13

The Board reviewed the conduct of the meeting. This agenda item was discussed in private.

## **Close of Meeting**

The Chair closed the meeting at 4.15 pm on Thursday, 11 June 2020.

## **Approval**

Signed by the Chair as a correct record,  
this 16<sup>th</sup> day of September 2020