



Subject: Minutes of the 186th meeting of the AASB
Venue: Videoconference
Time(s): Thursday, 7 April 2022, 10.00 am – 3.30 pm

All agenda items were discussed in public, except for items 1, 3 (in part) and 6. Public observers participated via videoconference.

Attendance

Members attending via videoconference

- Keith Kendall (Chair)
- Alison White (Deputy Chair)
- Carolyn Cordery
- James Grant
- Dean Hanlon
- David Holland
- Toby Langley
- Sean Osborn
- Stephen Taylor

Apologies

- Paul Rogers
- Caroline Spencer

In attendance

Staff

- Clark Anstis
- Patricia Au
- Kimberley Carney
- Nikole Gyles
- Siobhan Hammond
- Fridrich Housa
- Eric Lee
- Ao Li
- Maggie Man
- Helena Simkova
- James Wake
- Justin Williams

Other

- Michael Bray, Value Reporting Foundation – agenda item 3
- Jordan Knights, Value Reporting Foundation – agenda item 3
- Carmen Ridley – agenda item 5



Agenda and Chair's Report

Agenda Item 1 – discussed in private

The Chair noted the significant items on the agenda and provided the Board with an update on recent and future activities.

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

Agenda Item 2

Apologies

Apologies were noted from Paul Rogers and Caroline Spencer.

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.

There were no specific declarations for this meeting.

Minutes

The Board approved the minutes of the one hundred and eighty-fifth meeting, held on 23-24 February 2022, incorporating an editorial amendment on agenda item 12, Supply Chain Financing.

Approvals Out of Session

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

- *AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information.*

Sustainability Reporting

Agenda Item 3

ISSB Exposure Drafts Education Session – discussed in private

Michael Bray and Jordan Knights from the Value Reporting Foundation presented to the Board on the Exposure Drafts recently released by the International Sustainability Standards Board (ISSB) of the IFRS Foundation: ED/2022/S1 [Draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Disclosures* and ED/2022/S2 [Draft] IFRS S2 *Climate-related Disclosures*. No decisions were made.



Sustainability Reporting Project

The Board discussed the objective of a project on sustainability reporting. It made a preliminary decision to focus on the development of reporting requirements for sustainability-related financial information, which is consistent with the proposed work of the ISSB.

In order to inform any possible future development of a separate suite of Australian sustainability reporting standards by the Board, it decided to publish an Exposure Draft to consult on the ISSB's Exposure Drafts . The Board decided to publish these Exposure Drafts in Australia to:

- (a) gather feedback to assist the Board to provide input into the ongoing work of the ISSB; and
- (b) inform the Board as to the appropriateness of and support for its proposed approach to sustainability-related financial reporting in Australia.

The Board appointed a sub-committee to finalise the ED for publication. The ED is expected to be issued shortly with a comment deadline of 15 July 2022. (The ISSB's comment period closes on 29 July 2022.)

A draft project plan will be considered at its next meeting.

Action:	Staff
	Sub-committee

Not-for-Profit Private Sector Financial Reporting Framework

Agenda Item 4

The Board decided to include the following proposals in the Discussion Paper (DP) on Tier 3 reporting requirements for not-for-profit (NFP) private sector entities.

Impairment of non-financial assets

Tier 3 reporting requirements should require:

- (a) inventories generally to be measured at the lower of cost and net realisable value; and
- (b) inventories held for distribution to be measured at cost, adjusted when applicable for a loss of service potential.

For non-financial assets other than inventory, the Board decided to propose the following impairment model:

- (a) only assets subsequently measured at cost or deemed cost should be subject to impairment testing;
- (b) a Tier 3 entity should be required to consider whether assets are impaired only when they have been physically damaged or when their service potential might have been affected adversely by a change in the entity's strategy or changes in external demand for the entity's services;
- (c) an asset would be impaired if its carrying amount exceeded its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. However,



the proposed impairment model will include a rebuttable presumption that fair value less costs of disposal is expected to be the most appropriate measure of an asset's recoverable amount because non-financial assets are generally not held by NFP entities for the purpose of generating cash flows;

- (d) assets that do not generate cash flows that are largely independent of those from other assets can be grouped into cash-generating units; and
- (e) the impairment model will not include specific requirements relating to reversing previously recognised impairment losses.

Initial measurement of assets acquired for significantly less than fair value

Tier 3 reporting requirements for the initial measurement of assets acquired for significantly less than fair value should allow an entity an accounting policy choice, supplemented by appropriate disclosures, for the measurement of:

- (a) inventory – at cost or current replacement cost; and
- (b) other non-financial assets – at cost or at fair value in accordance with AASB 13 *Fair Value Measurement*.

Volunteer services

A Tier 3 entity should be permitted, but not required, to recognise volunteer services received, or a class of volunteer services, if the fair value of those services can be measured reliably.

Action:

Staff

Income-of Not-for-Profit Entities – Narrow-Scope Amendments

Agenda Item 5

The Board decided to proceed with the following proposals in ED 318 *Illustrative Examples for Income of Not-for-Profit Entities and Right-of-Use Assets arising under Concessionary Leases*:

- (a) to add Illustrative Example 7A to AASB 15 *Revenue from Contracts with Customers*, to clarify the accounting for upfront fees; and
- (b) regarding the accounting policy choice in AASB 16 *Leases* to initially measure a class of concessionary right-of-use assets at cost or fair value:
 - (i) to retain the accounting policy choice on an ongoing basis for not-for-profit private sector lessees; and
 - (ii) to defer consideration of the accounting policy choice for not-for-profit public sector lessees until the Board decides on any additional guidance for measuring the fair value of ROU assets under concessionary leases. This decision would be made after considering the outcomes of the



concessionary leases part of the IPSASB's current Leases project and the Board's ED 320 *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*.

The Board decided to retain Illustrative Example 3 in AASB 1058 *Income of Not-for-Profit Entities* without any amendment after considering the feedback on ED 318. A majority of respondents preferred the Board considering any changes to the example only as part of the forthcoming post-implementation review of AASB 1058.

An amending Standard, with an effective date of annual periods beginning on or after 1 July 2022, is expected to be issued in May 2022.

Action: Staff

Other Business – Public

Late Agenda Item

The Board noted the tentative decisions of the IFRS Interpretations Committee that are open for comment and decided not to submit any comments.

Review of the Meeting

Agenda Item 6 – discussed in private

The Board reviewed the conduct of the meeting.

Close of the Meeting

The Chair closed the meeting at 3.30pm on Thursday, 7 April 2022.

Approval of Minutes

Signed by the Chair as a correct record,
this 18th day of May 2022