



Subject: Minutes of the 198th meeting of the AASB
Venue: Dexus Place Melbourne and Videoconference
Held: Wednesday, 13 September 2023, 10.00 am – 6.10 pm
Thursday, 14 September 2023, 9.00 am – 3.30 pm

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

Attendance

Members	Keith Kendall (Chair) Alison White (Deputy Chair) (part of meeting) Carolyn Cordery (via videoconference) James Grant Dean Hanlon (part of meeting; via videoconference on day 1) David Holland (part of meeting; via videoconference) Adrian King Toby Langley Liza Maimone Mathew Nelson (via videoconference on day 2) Sean Osborn (part of meeting) Paul Rogers Caroline Spencer (part of meeting) Stephen Taylor
Apologies	Dean Hanlon (Day 1, 12.18 pm – 2.00 pm and 3.50 pm – 6.10 pm) David Holland (Day 1, 12.10 pm – 12.30 pm; Day 2, 3.00 – 3.30 pm) Sean Osborn (Day 2, 2.00 pm – 3.02 pm) Caroline Spencer (Day 1, 1.17 pm – 3.00 pm) Alison White (Deputy Chair) (Day 2, 12.00 pm – 2.17 pm)
<i>In attendance</i>	
Staff	Clark Anstis Patricia Au Siobhan Hammond Fridrich Housa Kathleen John Eric Lee Ao Li Maggie Man Lachlan McDonald-Kerr (Day 1) Claire Thomson (Day 2) Jia Wei Justin Williams
Other	Angus Thomson – agenda item 1 (in part)



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.

The Board discussed a draft Exposure Draft of Australian Sustainability Reporting Standards regarding climate-related financial disclosures. The draft ED was considered in private session as some of the proposed requirements address confidential draft Australian Government policy.

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

Agenda Item 2

Apologies

Apologies were noted from Dean Hanlon, David Holland, Sean Osborn, Caroline Spencer and Alison White for parts of the meeting.

Declarations of Interests

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 interests 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 ninety-seventh meeting, held on 8 August 2023.

Approvals Out of Session

The Board noted that no AASB documents had been approved out of session since the previous meeting report.

Not-for-Profit Private Sector Financial Reporting Framework

Agenda Item 3

The Board decided to include the following proposals or approaches in the Tier 3 Exposure Draft:

- (a) allow entities to apply an accounting policy permitted or required by Tier 1 or Tier 2 Australian Accounting Standards that is not included in the Tier 3 Standard only where a transaction, other event or condition is not addressed by the Tier 3 Standard;
- (b) in respect of transactions, other events and conditions not specifically addressed in the Tier 3 Standard, require entities preparing Tier 3 general purpose financial statements to apply judgement in developing their accounting policies by reference to the following sources, in descending order:



- (i) the Tier 3 principles and reporting requirements dealing with similar and related issues; and
- (ii) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Conceptual Framework, to the extent they do not conflict with Tier 3 reporting requirements.

In making this judgement, management may also consider the requirements and guidance in Tier 2 (Australian Accounting Standards – Simplified Disclosures);

- (c) address business combinations and goodwill, other intangible assets, consolidation, investments in associates and joint ventures, and investment property in the Tier 3 Standard;
- (d) require entities to apply the Tier 2 requirements for:
 - (i) biological assets;
 - (ii) accounting by an operator of a service concession arrangement;
 - (iii) complex financial instruments;
 - (iv) insurance contracts;
 - (v) the exploration for and evaluation of mineral resources;
 - (vi) obligations arising under a defined benefit plan;
 - (vii) share-based payment arrangements; and
 - (viii) assets held for sale; and
- (e) a single Conceptual Framework should apply to not-for-profit entities reporting under any tier of Australian Accounting Standards.

Action:

Staff

Climate-related Financial Disclosures – Exposure Draft

Agenda Item 4

The Board discussed a draft Exposure Draft of its Climate-related Financial Disclosure Standards and decided on a 90-day public consultation period. The Exposure Draft is expected to be published in October 2023, following publication by Treasury of a Position Paper.

Action:

Staff



Tier 2 – International Tax Reform – Pillar Two Model Rules

Agenda Item 5

The Board voted to make Accounting Standard AASB 2023-4 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules: Tier 2 Disclosures*. This Standard amends AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* to require a Tier 2 entity to disclose whether it applies the mandatory temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two model rules and any current tax expense related to Pillar Two income taxes.

The Standard applies to annual periods beginning on or after 1 January 2023 that end on or after 30 September 2023, with earlier application permitted.

Action: Staff

Post-implementation Review of IFRS 9 – Impairment

Agenda Item 6

The Board deliberated its response to the IASB's *Request for Information on Post-implementation Review of IFRS 9 Financial Instruments – Impairment*. The Board decided to address a range of matters in its submission to the IASB, including the need for the following:

- (a) illustrative examples that would help entities to apply requirements on the use of a reasonable number of scenarios to enhance consistency of application;
- (b) additional guidance regarding whether an asset originated from a modified or restructured financial instrument is credit impaired;
- (c) additional guidance on substantial modifications of contractual cash flows of financial assets; and
- (d) further research into the appropriateness of the impairment disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*.

Action: Staff



Climate-related Financial Disclosure – Due Process Framework and Standard-Setting Framework

Agenda Item 7

To support its ongoing work on developing Climate-related Financial Disclosure Standards for Australia, the Board discussed and finalised the *AASB Due Process Framework for Setting Australian Sustainability Reporting Standards* and the *AASB Sustainability Reporting Standard-Setting Framework*.

Action:

Staff

Post-implementation Review – Income of Not-for-Profit Entities

Agenda Item 8

This agenda item was not discussed during the meeting due to the time required for other agenda items.

Research Update

Agenda Item 9

The Board noted recent and upcoming Research Centre activities, including:

- (a) the release of:
 - (i) AASB Research Report 19 *Common Financial Statement Items: Charities with \$0.5-3 million in revenue* (April 2023); and
 - (ii) AASB–AUASB Research Report *Australian Listed Entities: Recognised intangible assets and key audit matters* (May 2023);
- (b) progress on the following research reports:
 - (i) crypto assets and related accounting challenges identified by Australian stakeholders, to be released in September;
 - (ii) the usefulness of the IFRS/AASB Practice Statement 2 *Making Materiality Judgements*, to be released in October; and
 - (iii) the effects of accounting standards on the cost of capital, which is expected to be released in December;
- (c) the completed AASB Dialogue Series sessions:
 - (i) the May 2023 AASB–AUASB joint session that focused on accounting and auditing issues related to going concern disclosures; and



- (ii) the July 2023 Special Webinar *Insights and application of normative and empirical research in standard setting and accounting practice*, which discussed the importance of research and academic papers in contributing to standard-setting activities;
- (d) the upcoming October 2023 AASB Dialogue Series session, which will discuss the difficulties of navigating accounting standards and provide suggestions, such as using the AASB pronouncements web portal, for overcoming these challenges;
- (e) the upcoming 2023 AASB Research Forum, which will be held on 24 November in Brisbane. The Forum will also be broadcast at a Melbourne venue, attended by the AASB Chair, and will also be accessible through a virtual platform; and
- (f) the call for expressions of interest to present research papers at the 2024 AASB Research Forum.

Action:

Staff

Documents Open for Comment

Agenda Item 10

The Board decided not to comment on the following consultation documents:

- (a) the International Sustainability Standards Board's Exposure Draft *Proposed IFRS Sustainability Disclosure Taxonomy*; and
- (b) the IASB's forthcoming Exposure Draft *Annual Improvements to IFRS Accounting Standards*.

The Board noted its previous decisions about commenting on consultative documents already issued by international standard-setting bodies.

Action:

Staff

Other Business – Financial Reporting

Agenda Item 11

The Board noted the IASB, IFRS Interpretations Committee, ISSB and IPSASB updates and other items.

Other Business – Sustainability Reporting

Agenda Item 12

The Board noted the update on international and jurisdictional sustainability reporting developments.



Review of the Meeting

Agenda Item 13 – discussed in private

The Board reviewed the conduct of the meeting.

Close of the Meeting

The Chair closed the meeting at 3.30 pm on Thursday, 14 September 2023.

Approval of Minutes

Signed by the Chair as a correct record,
this 11th day of October 2023.