



Project:	n/a	Meeting	February 2022 (M185)
Topic:	Documents open for comment by other organisations	Agenda Item:	14.1
		Date of the Agenda Paper:	7 February 2022
Contact(s):	James Wake jwake@auasb.gov.au Patricia Au pau@aasb.gov.au Helena Simkova hsimkova@aasb.gov.au	Project Priority:	n/a
		Decision-Making:	Low
		Project Status:	n/a

Objective of this paper

- 1 The objective of this paper is to:
 - (a) **inform** the Board about consultative documents already issued or to be issued by other international standard-setting bodies; and
 - (b) ask the Board to **decide** which consultative documents to provide feedback/comments on.

Reasons for bringing this paper to the Board

- 2 The Board's strategy is to influence the work of the International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) and other relevant international organisations with a goal of having the principles in the Standards issued by these organisations aligned, where relevant and possible.
- 3 Historically, the Board has decided which consultation documents to comment on based on factors such as the relevance and importance of the consultation to the AASB's projects and strategies, the potential impact of the proposals on Australian constituents and the priority of projects as decided by the Board. This agenda paper will assist the Board in prioritising and deciding which consultation documents it should comment on.
- 4 Appendix A to this paper provides a summary of documents open for comment that the Board has previously made a decision regarding whether to provide feedback.

Current IASB documents open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
	n/a				

IFRS Interpretation Committee’s Tentative Agenda Decisions currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
IFRS IC	Tentative Agenda Decision: Principal versus Agent: Software Reseller IFRS 15	30 November 2021	N/A	8 February 2022	<p>The IFRS IC received a request asking whether, in applying IFRS 15 <i>Revenue from Contracts with Customers</i>, a reseller of software licences is a principal or agent. In the fact pattern described in the request:</p> <ul style="list-style-type: none"> a. the reseller has a distribution agreement with a software manufacturer that: <ul style="list-style-type: none"> i. gives the reseller the right to sell the manufacturer’s standard software licences to customers; ii. requires the reseller to provide pre-sales advice to each customer; and iii. provides the reseller with discretion in pricing the software licences for sale to customers. b. the nature of the pre-sales advice varies depending on the customer’s needs. If the customer decides: <ul style="list-style-type: none"> i. not to purchase software licences, it pays nothing. The reseller and the customer do not enter into an agreement. ii. to purchase a specified type and number of software licences, the reseller negotiates the selling price with the customer, places an order with the software

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
					<p>manufacturer on behalf of the customer (and pays the manufacturer), and invoices the customer for the agreed price.</p> <ul style="list-style-type: none"> c. the software manufacturer provides the customer with the software licences ordered—issued in the customer’s name—via a software portal and with the key necessary for activation. The software manufacturer and the customer enter into an agreement specifying the customer’s right to use the software, a warranty covering the software’s functionality and the term of the licence. d. if the reseller advises the customer to order an incorrect type or number of software licences (that fails to meet the customer’s needs), the customer may not accept the licences. The reseller is unable to return unaccepted licences to the software manufacturer or sell them to another customer. <p>The IFRS IC concluded that the principles and requirements in IFRS 15 provide an adequate basis for a reseller to determine whether—in the fact pattern described in the request—it is a principal or agent for the standard software licences provided to a customer. In particular, the IFRS IC observed that the conclusion as to whether the reseller is a principal or agent depends on the specific facts and circumstances, including the terms and conditions of the relevant contracts.</p> <p>Staff agree with the IFRS IC conclusion and therefore recommend not commenting.</p> <p>Q3 Does the Board agree with the staff recommendation , not to comment on the Tentative Agenda Decision <i>Principal versus Agent: Software Reseller IFRS 15?</i></p>

Forthcoming documents for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Expected date of release	Comments due	Staff recommendation for AASB approach
	n/a			

Appendix A

Current and forthcoming documents open for comment – decisions already made by the Board at previous meetings

Originating organisation	Document	Date of release	Comments due	Summary
IASB	Exposure Draft ED/2021/9 Non-current Liabilities with Covenants	9 Nov 2021	21 March 2022	<p>ED/2021/9 proposed to amend IAS 1 <i>Presentation of Financial Statements</i> in response to new information provided by respondents to the tentative Agenda Decision Classification of Debt with Covenants as Current or Non-current.</p> <p>At the November Board meeting, the Board decided to collect feedback and prepare a submission letter to IASB. The summary of feedback from outreach activities and staff recommendations are to be discussed under agenda item 7.</p>
IASB	Exposure Draft ED/2021/10 Supplier Finance Arrangements	10 November 2021	28 March 2022	<p>IASB ED/2021/10 proposes disclosure-only amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>.</p> <p>The proposed amendments are intended to complement the existing requirements in IFRS Standards that apply to supplier finance arrangements and would require an entity to disclose information to enable users of financial statements to assess the effects of the entity's supplier finance arrangements on its liabilities and cash flows.</p> <p>At the November Board meeting, the Board decided to collect feedback and prepare a submission to the IASB. The summary of feedback from outreach activities and staff recommendations are to be discussed under agenda item 12.</p>
IPSASB	ED 81 Conceptual Framework Update: Chapter 3, Qualitative Characteristics and Chapter 5, Elements in Financial Statements	February 2022	31 May 2022	<p>ED81 proposes limited updates to Chapter 3 <i>Qualitative Characteristics</i> and Chapter 5 <i>Elements in Financial Statements</i> of the IPSASB's Conceptual Framework to align with the IASB's Revised Conceptual Framework (RCF). ED 81 proposes to align the following concepts in the RCF: materiality, prudence, unit of account and executory contracts.</p>

Originating organisation	Document	Date of release	Comments due	Summary
				<p>In addition, ED 81 proposes guidance to address the following concepts in the context of NFP public sector entities:</p> <ul style="list-style-type: none"> (a) the description of service potential in the context of an asset; (b) definition of an asset; and (c) definition of a liability. <p>At its November 2021 meeting, the Board decided not to comment on ED 81. This is because the Board has an active project to adapt the RCF for application by NFP entities (including public sector entities), which is expected to address the concepts outlined in (a)–(c). Staff will monitor the IPSASB’s work and consider any Australian stakeholder feedback in the context of the Board’s project.</p>