



Subject: Minutes of the 195th meeting of the AASB
Venue: Videoconference
Held: Thursday, 4 May 2023, 10.00 am – 3.26 pm

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

Attendance

Members	Keith Kendall (Chair) Carolyn Cordery James Grant Dean Hanlon (part of meeting) David Holland (part of meeting) Adrian King Toby Langley Liza Maimone Mathew Nelson Sean Osborn Caroline Spencer Stephen Taylor
Apologies	Dean Hanlon (2.30 pm – 3.26 pm) David Holland (2.50 pm – 3.26 pm) Paul Rogers Alison White (Deputy Chair)
<i>In attendance</i>	
Staff	Clark Anstis Patricia Au Aanchal Bhandari Kimberley Carney Tom Frick Nikole Gyles Siobhan Hammond Fridrich Housa Eric Lee Ao Li Maggie Man Lachlan McDonald-Kerr John Purcell Joanna Spencer Claire Thomson Jia Wei Justin Williams
Other	Jim Paul – agenda item 3 Robert Keys – agenda item 4 Kim Langfield-Smith – agenda item 5 Angus Thomson – agenda item 6



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 Interests, Minutes and Approvals Out of Session

Agenda Item 2

Apologies

Apologies for the meeting were noted from Paul Rogers and Alison White. Apologies were also noted from Dean Hanlon and David Holland 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.

Sean Osborn declared a specific interest in relation to the agenda items on Service Performance Reporting and Post-Implementation Review of Selected Public Sector Pronouncements.

Minutes

The Board approved the minutes of the one hundred and ninety-fourth meeting, held on 8-9 March 2023.

Approvals Out of Session

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

- Exposure Draft ED 323 *Disclosure of Non-current Liabilities with Covenants – Proposed Amendments to Tier 2*
- Exposure Draft ED 324 *Amendments to the Classification and Measurement of Financial Instruments*.

Not-for-Profit Private Sector Financial Reporting Framework

Agenda Item 3

The Board considered a preliminary analysis of the feedback received on the Discussion Paper *Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities)* and decided to proceed with the development of an Exposure Draft on:



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- (a) a Tier 3 Accounting Standard with simplified accounting requirements for smaller not-for-profit private sector entities; and
 - (b) removing the ability of certain not-for-profit entities to prepare special purpose financial statements under Australian Accounting Standards.

The Board decided, to the extent consistent with the project objective to develop simplified and proportionate requirements for smaller not-for-profit private sector entities and in line with the principles the Board applies in this regard, to use the following sources as a starting point for drafting the recognition and measurement proposals:

- (a) if consistent with Tier 2 requirements – compatible requirements in the *IFRS for SMEs Accounting Standard*, complemented by the International Non-Profit Accounting Guidance (INPAG) proposals or, in their absence, the UK Financial Reporting Standard FRS 102 and the UK Charities Statement of Recommended Practice; and
- (b) if different to Tier 2 requirements – compatible requirements in other jurisdictions and frameworks or, in their absence, adapting the *IFRS for SMEs Accounting Standard* requirements and/or INPAG proposals as considered appropriate.

In order to achieve the objective of the project, further simplification including language is likely to be needed and would be derived primarily from consideration of the New Zealand Tier 3 Standard.

The Board will consider the application of this approach to selected Tier 3 topics at a future meeting.

Action:

Staff

Service Performance Reporting

Agenda Item 4

The Board considered a range of preliminary issues relating to developing a project plan for this reactivated project.

The Board decided to use the New Zealand Accounting Standard NZ PBE FRS 48 *Service Performance Reporting* as the primary point of reference for detailed work on this project. This decision was made in the context of adopting the following working assumptions:

- (a) the Board will collaborate with regulators and stakeholders when undertaking the project;
- (b) the relationship of the project to and potential overlap with other projects, including the sustainability reporting and management commentary projects, will be continually reassessed;
- (c) at least initially, the scope of the project will include not-for-profit entities in the public and private sectors;



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- (d) differential reporting requirements for entities preparing Tier 1 and Tier 2 general purpose financial statements may not be needed if the project results in a scalable, principles-based pronouncement. Tier 3 considerations will be assessed in due course; and
 - (e) a working definition of 'service' should be developed to help ensure a common understanding of the project scope.

The Board will decide on any working assumptions, as appropriate, on other aspects of the project at a later stage of the project, including:

- (a) the relationship of service performance reporting to general purpose financial reporting and assurance requirements, noting that any resulting pronouncement would be expected to be capable of assurance;
- (b) the mandatory or voluntary status of a resulting pronouncement; and
- (c) the nature of the next due process document.

The appropriateness of NZ PBE FRS 48 as the primary point of reference and the working assumptions will be reassessed as the project progresses and further information becomes available through further research and stakeholder outreach.

The Board will consider a draft project plan at a future meeting.

Action: Staff

Post-implementation Review of Selected Public Sector Pronouncements

Agenda Item 5

The Board received an update on its Post-implementation Review (PIR) projects.

Regarding the PIR of selected public sector pronouncements, the Board approved the issue of an Invitation to Comment (ITC) for a 150-day comment period. The ITC will address the topics of administered items, land under roads (AASB 1051), disaggregated disclosures, contributions, budgetary reporting (with respect to not-for-profit entities in the General Government Sector), control of assets and the nature of government departments (including consideration of whether government departments are reporting entities).

A subcommittee of the Board will finalise the ITC out of session.

Action: Staff
Subcommittee



Post-implementation Review of AASB 1056

Agenda Item 6

The Board considered initial feedback obtained from stakeholders during the planning phase of the PIR of AASB 1056 *Superannuation Entities* and Interpretation 1019 *The Superannuation Contributions Surcharge* and directed staff to continue with targeted outreach. The Board will consider a draft consultation document at a future meeting.

Action: Staff

Converting AASB 1056 to a Legislative Instrument

Agenda Item 7

The Board approved a “Fatal-Flaw Review Draft” of a proposed reissued AASB 1056 *Superannuation Entities* for publication, subject to any editorial amendments from Board members. It will be open for stakeholder comment for a four-week period.

The Standard needs to be reissued as a legislative instrument under section 334 of the *Corporations Act 2001* to support forthcoming amendments to the Act that will require registrable superannuation entities to prepare annual financial statements that comply with Australian Accounting Standards.

Action: Members
Staff

Research Update

Agenda Item 8

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

- (a) the release of AASB Research Report 18 *AASB 17 Insurance Contracts – Presentation, Disclosure, Transition and Other Accounting Policy Decisions: A Survey on Australian Insurance Entities*;
- (b) the publication of a paper aiming to improve the visibility of soil health in corporate reporting, featured in the AASB SSRN Working Papers Series;
- (c) the May 2023 AASB-AUASB Dialogue Series session, to be held in collaboration with CPA Australia and CA ANZ, which will focus on issues related to going concern disclosures in financial reports and the corresponding responsibilities of auditors;
- (d) a joint panel session with other international standard-setters, to be held at the June 2023 International Conference of the Journal of International Accounting Research;



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- (e) the AASB Academic Advisory Panel meeting in April 2023, which discussed future directions; and
 - (f) progress in researching digital assets, intangible assets and going concern disclosures.

Action:

Staff

Sustainability Reporting

Agenda Item 9

The Board received an update on international and jurisdictional sustainability reporting developments, including the work of the International Sustainability Standards Board (ISSB), the Global Reporting Initiative (GRI) and the International Public Sector Accounting Standards Board (IPSASB).

Action:

Staff

Documents Open for Comment

Agenda Item 10

The Board decided to comment on the IFRS Interpretations Committee's Tentative Agenda Decision regarding premiums receivable from an intermediary. The Board decided not to comment on the other two Tentative Agenda Decisions – guarantees over a derivative contract, and homes and home loans provided to employees.

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 minutes of the March meeting of the AASB-AUASB Sustainability Reporting Project Advisory Panel and discussed the development of a glossary of terms commonly used in Sustainability Reporting and Climate-related Financial Disclosure project agenda papers.

Action: Staff

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 3.26 pm on Thursday, 4 May 2023.

Approval of Minutes

Signed by the Chair as a correct record,
this 21st day of June 2023.