



**Subject:** Minutes of the 201<sup>st</sup> meeting of the AASB  
**Venue:** Meet@500 Collins Melbourne and Videoconference  
**Held:** Thursday, 7 March 2024, 10.00 am – 4.45 pm  
Friday, 8 March 2024, 10.00 am – 2.47 pm

All agenda items were discussed in public, except for items 1 and 15.

## Attendance

**Members**

- Keith Kendall (Chair)
- Stephen Taylor (Deputy Chair)
- Carolyn Cordery
- James Grant (part of meeting)
- Dean Hanlon
- David Holland (part of meeting; via videoconference day 1)
- Adrian King (part of meeting; via videoconference day 2)
- Toby Langley (part of meeting; via videoconference day 1)
- Liza Maimone (part of meeting; via videoconference day 1)
- Mathew Nelson
- Moana Overton
- Paul Rogers
- Caroline Spencer (part of meeting)

**Apologies**

- James Grant (Day 1: 11.00 – 11.30 am, Day 2: 11.00 – 11.30 am and 2.00 – 2.30 pm)
- David Holland (Day 1: 10.00 am – 1.00 pm, 4.00 – 4.45 pm and Day 2)
- Adrian King (Day 2: 1.00 – 2.47 pm)
- Toby Langley (Day 1: 10.30 – 11.30 am and Day 2)
- Liza Maimone (Day 2: 10.00 – 11.35 am)
- Sean Osborn
- Caroline Spencer (Day 2: 1.30 – 2.47 pm)

*In attendance*

**Staff**

- Clark Anstis
- Patricia Au
- Siobhan Hammond
- Fridrich Housa
- Kathleen John
- Eric Lee
- Ao Li
- Maggie Man
- Lachlan McDonald-Kerr
- Sabine Schuhrer
- Helena Simkova
- Claire Thomson
- Jia Wei
- Justin Williams
- Abigail Xu (part of meeting)



Other  
Anne Bean – agenda item 9 (via videoconference)  
Robert Keys – agenda item 3 (via videoconference)  
Evelyn Ling – agenda item 6  
Jim Paul – agenda item 4 (via videoconference)  
Angus Thomson – agenda item 7

## **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***

An apology for the meeting was noted from Sean Osborn. Apologies were also noted from James Grant, David Holland, Adrian King, Toby Langley, Liza Maimone and Caroline Spencer 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 two hundredth meeting, held on 29–30 November 2023.

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

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

- AASB 1056 *Superannuation Entities*
- ED 327 *Financial Instruments with Characteristics of Equity*
- ED 328 *Supplier Finance Arrangements: Tier 2 Disclosures*.



## Service Performance Reporting

### Agenda Item 3

The Board supported the Service Performance Reporting project plan reflecting the working assumptions that the Board adopted at a previous meeting, including using the New Zealand Accounting Standard NZ PBE FRS 48 *Service Performance Reporting* as the primary point of reference at least initially.

The Board emphasised the need for effective engagement and collaboration with regulators and stakeholders, including those who would benefit from improvements in the reporting of service performance information, and the need for weighing its benefits and the associated reporting costs.

Action:

Staff

## Not-for-Profit Private Sector Financial Reporting Framework (Tier 3)

### Agenda Item 4

The Board is continuing to develop its Exposure Draft of a proposed Tier 3 financial reporting framework for not-for-profit private sector entities. At this meeting, the Board decided to include the following proposals or approaches in the ED:

- (a) an accounting policy choice for non-financial assets acquired at significantly less than fair value to be measured initially either at cost, which may be nil or a nominal amount, or at fair value. The Board decided to seek specific stakeholder feedback through the ED on the cost of obtaining the fair value of non-financial assets acquired at significantly less than fair value;
- (b) permit an entity to apply either the cost model or the revaluation model as its accounting policy for the subsequent measurement of classes of non-financial assets acquired at significantly less than fair value, regardless of the initial-measurement policy. An entity may elect to apply different measurement models to different classes of assets. The Board will consider at a future meeting how its proposals in respect of changes in accounting policies apply in this regard;
- (c) develop disclosure requirements to require entities to disclose information that helps users of financial statements to understand the nature of, and the entity's dependence on, non-financial assets acquired at significantly less than fair value;
- (d) align the requirements for a statement of changes in equity with existing Tier 2 requirements;
- (e) permit an entity to elect to present cash flows from investing activities and financing activities either separately or together and to present cash flows from operating activities using either the direct method or the indirect method;
- (f) require concessional loans to be measured initially at the transaction price rather than fair value;



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- (g) exclude specific requirements regarding recognition, measurement, presentation or disclosure in respect of:
- (i) premiums and discounts on acquiring or originating loans;
  - (ii) the fair value hierarchy;
  - (iii) determining the cost of inventories purchased on deferred settlement terms; and
  - (iv) the exemption from certain related party disclosure requirements for government-related entities set out in AASB 124 *Related Party Disclosures*;
- (h) not develop further guidance on how entities would subsequently measure unlisted equity instruments when cost is not a reliable measure of fair value;
- (i) permit an entity to elect whether to allocate production overheads to inventories' cost of conversion, with the election to be applied to all inventories produced by the entity;
- (j) include an impracticability exemption from the requirement to align the accounting policies of the investor and the investee when applying the equity method of accounting to an investment in an associate or a joint venture;
- (k) include guidance on:
- (i) recognition, measurement and disclosure of contingent assets and reimbursement assets; and
  - (ii) measurement of value in use for assessing the impairment of non-financial assets;
- (l) not to include assets being held for sale as an impairment indicator and to retain the proposed requirement for entities to apply the Tier 2 requirements for assets held for sale;
- (m) require disclosure of the entity's parent and, if different, its ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so (if any) would be disclosed;
- (n) not require disclosure of key management personnel remuneration but seek specific stakeholder feedback through the ED on whether such disclosures should be required; and
- (o) include non-mandatory illustrative examples.

The Board decided to consider Tier 3 requirements for business combinations and goodwill before considering whether to develop guidance on cash-generating units in relation to assessing the impairment of assets.

Action:

Staff



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## Supplier Finance Arrangements – Tier 2

### Agenda Item 5

The Board voted to make Accounting Standard AASB 2024-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements: 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 information about its supplier finance arrangements. The new disclosures will enable users of financial statements to assess the effects of those arrangements on the entity's liabilities, cash flows and exposure to liquidity risk.

The Standard applies to annual periods beginning on or after 1 January 2024 that end on or after 30 June 2024, such as the 2024/25 financial year, with earlier application permitted.

Action: Staff

## Conceptual Framework – Not-for-Profit Amendments

### Agenda Item 6

The Board discussed its approach to revising the conceptual framework for not-for-profit entities and decided to focus the project on extending the application of the *Conceptual Framework for Financial Reporting* to not-for-profit entities.

The Board decided that a revised *Conceptual Framework for Financial Reporting* would apply to both private sector and public sector not-for-profit entities and confirmed its previous decisions on the not-for-profit modifications to propose for the *Conceptual Framework for Financial Reporting*.

The Board directed staff to continue developing an exposure draft of its proposals.

Action: Staff

## Post-implementation Review – Superannuation Entities

### Agenda Item 7

The Board considered the feedback received on the nine topics in Invitation to Comment ITC 54 *Post-implementation Review of AASB 1056 Superannuation Entities and Interpretation 1019 The Superannuation Contributions Surcharge*. The topics include sub-fund reporting, the statement of changes in member benefits, fair value measurement of assets and the accounting treatment of subsidiaries.

The Board noted specific issues raised by some stakeholders in respect to:

- (a) whether defined contribution member benefits are disaggregated from defined benefit member benefits when a member is entitled to both types of benefits;



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- (b) additional line items that might be added to the statement of changes in members' benefits; and
  - (c) possible additional disclosures about successor fund transfers.

After considering the feedback, the Board decided:

- (a) not to propose any amendments to AASB 1056;
- (b) to monitor the practices of superannuation entities and industry product trends, which might inform future improvements to the Standard; and
- (c) to retain Interpretation 1019 in its existing form.

The Board will publish a Feedback Statement summarising the feedback received and Board decisions.

Action: Staff

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

### Agenda Item 8

The Board discussed the feedback received in response to a number of topics in Invitation to Comment ITC 50 *Post-implementation Review – Income of Not-for-Profit Entities*, in particular Topic 4: Principal v agent, including the appropriate recognition of financial liabilities, Topic 5: Grants received in arrears, Topic 7: Accounting for research grants and Topic 8: Statutory receivables.

The Board will consider the overall recommendations for its response to the feedback for all ITC 50 topics and decide on the next steps at a future meeting.

Action: Staff

## **Financial Instruments with Characteristics of Equity**

### Agenda Item 9

The Board deliberated its response to the IASB Exposure Draft ED/2023/5 *Financial Instruments with Characteristics of Equity* (AASB ED 327). The Board decided to address a range of matters in its submission to the IASB, including the following:

- (a) the IASB should clarify the wording in paragraph AG24A relating to the effects of laws or regulations and consider including the guidance proposed in paragraph AG24B in the main part of the Standard;
- (b) the scope of IAS 32 *Financial Instruments: Presentation* should not be expanded to include the measurement of certain financial liabilities, such as those relating to an entity's obligations to purchase its own equity instruments and contingent settlement provisions – however, the IASB should explain



why the “redeemable amount” is an appropriate measure of fair value based on the guidance in IFRS 9 *Financial Instruments* and IFRS 13 *Fair Value Measurement*; and

- (c) allow an accounting policy choice for the recognition of payments made at the issuer’s discretion as either interest or dividends if the equity component of a compound financial instrument has an initial carrying amount of zero.

Action:

Staff

## Research and Post-Implementation Review Projects

### Agenda Item 10

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

- (a) the publication of the joint AASB-AUASB Research Report *Trends in climate-related disclosures and assurance in the Annual Reports of ASX-listed entities* (November 2023);
- (b) the forthcoming AASB SSRN Working Paper *Report on Australian listed companies’ readiness for IFRS S2 Climate-related Disclosures*;
- (c) the upcoming March 2024 Dialogue Series session, which will discuss the concepts of connectivity and boundaries of reporting;
- (d) the commencement of the following research projects:
  - (i) understanding the concepts and application of undue cost or effort in the Accounting Standards; and
  - (ii) users’ perspectives on the usefulness of the statement of cash flows and related information; and
- (e) the AASB submission to EFRAG’s Discussion Paper *Accounting for Variable Consideration – From a purchaser’s perspective*.

The Board also noted the overall progress of the post-implementation review projects.

Action:

Staff

## Documents Open for Comment

### Agenda Item 11

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

- (a) the IPSASB’s Exposure Drafts ED 86 *Exploration for and Evaluation of Mineral Resources* and ED 87 *Stripping Costs in the Production Phase of a Surface Mine*; and



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- (b) the AUASB’s Consultation Paper on the IAASB’s Exposure Draft regarding proposed amendments to auditing pronouncements as a result of revisions to the definitions of ‘listed entity’ and ‘public interest entity’ in the IESBA Code.

## **Other Business – Financial Reporting**

Agenda Item 12

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

### ***Public Sector Work Plan***

The Board considered a draft plan for progressing public-sector-specific projects, subject to staff resources. In addition to its decision in November 2023 to commence work on assessing how the forthcoming Accounting Standard IFRS 18 *Presentation and Disclosure in Financial Statements* might affect public sector entities’ financial statements, the Board plans to work on the following projects in 2024:

- (a) post-implementation review of AASB 1059 *Service Concession Arrangements: Grantors*;
- (b) assessing the results of the independent review of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* commissioned by the FRC in 2021; and
- (c) public sector long-term discount and inflation rates.

Action:

Staff

## **Sustainability Reporting – Climate ED Outreach and Reporting Update**

Agenda Items 13 and 14

The Board received an update on:

- (a) the recent and extensive outreach activities related to ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*, the comment period for which closed on 1 March 2024; and
- (b) international and jurisdictional sustainability reporting developments.

Action:

Staff

## **Review of the Meeting**

Agenda Item 15 – discussed in private

The Board reviewed the conduct of the meeting.





## **Close of the Meeting**

The Chair closed the meeting at 2.47 pm on Friday, 8 March 2024.

## **Approval of Minutes**

Signed by the Chair as a correct record,  
this 16<sup>th</sup> day of April 2024.