



AASB Action Alert

From the Australian Accounting Standards Board

Issue No: 214
20 May 2022

Welcome to the AASB Action Alert

The AASB Board met in public via videoconference on 18 May 2022. At the meeting the Board made key decisions in relation to:

[Not-for-Profit Private Sector Financial Reporting Framework](#)

[Sustainability Reporting](#)

The Board also discussed the following topics

[Agenda Consultation](#)

[Post-Implementation Reviews](#)

Not-for-Profit Private Sector Financial Reporting Framework

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.

Income recognition

Tier 3 reporting requirements should require:

- (a) a Tier 3 entity to assess whether a transaction is based on a common understanding, evidenced by the transfer provider in writing or some other form, that the entity is expected to use the inflows of resources in a particular way or act or perform in a particular way that results in outflows of resources, including:
 - (i) transferring goods or services;
 - (ii) performing a specified activity;

Contact us: Australian Accounting Standards Board, PO Box 204, Collins Street West, Victoria 8007
Phone (03) 9617 7600 **Email** standard@asb.gov.au **Website** www.asb.gov.au

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AASB Action Alert

Issue No: 214
20 May 2022

- (iii) incurring eligible expenditure for a specified purpose; and
- (iv) using the inflows of resources in respect of a specified time period;
- (b) for transactions described in (a), income to be recognised in the manner that most faithfully represents the amount and pattern of consumption by the entity of the resources received, such as:
 - (i) when goods or services are transferred;
 - (ii) when activities are performed;
 - (iii) when eligible expenditure is incurred; and
 - (iv) on a systemic allocation basis over the specified period; and
- (c) for other income transactions, income to be recognised at the earlier of receiving cash or obtaining a right to receive cash (a receivable).

Financial instruments

Tier 3 reporting requirements should:

- (a) address the accounting for simpler financial instruments often held by Tier 3 entities. Tier 3 reporting requirements should direct an entity to apply AASB 9 *Financial Instruments* for more complex financial instruments;
- (b) require transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability to be expensed in the period incurred;
- (c) specify simpler subsequent measurement requirements for financial assets and financial liabilities overall. In particular, the Board decided to require financial assets and financial liabilities to be subsequently measured at cost, except for:
 - (i) financial assets that are held to generate both income and capital return for the entity – to be measured at fair value through other comprehensive income; and
 - (ii) derivative financial instruments – to be measured at fair value through profit or loss.

The Board decided to seek stakeholder feedback through the DP as to whether requiring financial assets and financial liabilities to be measured at transaction price would be a useful simplification.

Sustainability Reporting

The Board supported the draft Sustainability Reporting project plan. The principal objective of the project is to help preparers of general purpose financial reports meet the evolving information needs of financial

AASB Action Alert

Issue No: 214
20 May 2022

report users by developing a separate set of reporting standards for sustainability-related financial information.

The key themes of feedback from outreach activities on AASB Exposure Draft ED 321 *Request for Comment on ISSB [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and [Draft] IFRS S2 Climate-related Disclosures* will be discussed at the Board's next meeting.

The Board will consider whether to proceed to develop Australian sustainability standards after considering the responses to ED 321 at a future meeting.

Agenda Consultation

The Board noted a summary of the feedback received in response to Invitation to Comment ITC 46 *AASB Agenda Consultation 2022–2026*. The Board will consider its responses to the feedback at its next meeting.

Post-Implementation Reviews

The Board received an update on its Post-implementation Review (PIR) project, including a revised project timeline. In respect of the PIR of AASB 1059 *Service Concession Arrangements: Grantors*, the Board considered the key findings of the planning phase and decided to bring forward the outreach phase of the project. The Board plans to issue a consultation document for the PIR of AASB 1059 in August 2022.

Recently Approved Documents

Since last reported (8 April 2022), the Board has approved the following Standards, Exposure Drafts or other proposal documents.

Date Approved	Document	Effective Date (Standards/Int'ns) or Due Date for Submissions (EDs)
14 April 2022	ED 321 <i>Request for Comment on ISSB [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and [Draft] IFRS S2 Climate-related Disclosures</i>	15 July 2022
2 May 2022	AASB 2022-2 <i>Amendments to Australian Accounting Standards – Extending Transition Relief under AASB 1</i>	(ending on or after) 30 June 2022



AASB Action Alert

Issue No: 214
20 May 2022

Date Approved	Document	Effective Date (Standards/Int'ns) or Due Date for Submissions (EDs)
3 May 2022	AASB 2022-3 <i>Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15</i>	(beginning on or after) 1 July 2022

Documents Open for Comment

The following documents are open for comment. AASB submissions to the IASB, the ISSB, the IFRS Interpretations Committee, the IFRS Foundation or the IPSASB are published on the AASB website.

Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
IFRS IC	Tentative Agenda Decision Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition	–	–	23 May 2022
IFRS IC	Tentative Agenda Decision Special Purpose Acquisition Companies (SPAC): Classification of Public Shares as Financial Liabilities or Equity (IAS 32)	–	–	23 May 2022
IFRS IC	Tentative Agenda Decision Transfer of Insurance Coverage under a Group of Annuity Contracts (IFRS 17)	–	–	23 May 2022
IFRS IC	Tentative Agenda Decision Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)	–	–	23 May 2022
IPSASB	ED 81 Conceptual Framework Update: Chapter 3, Qualitative Characteristics and Chapter 5, Elements in Financial Statements	–	–	31 May 2022
AASB	ED 319 Insurance Contracts in the Public Sector	ED 319	8 June 2022	–
AASB	Fatal-Flaw Review Draft AASB 2022-X Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments for Public Sector Entities	–	8 June 2022	–
AASB	ED 320 Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	ED 320	30 June 2022	–



AASB Action Alert

Issue No: 214
20 May 2022

Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
ISSB	ED/2022/S1 General Requirements for Disclosure of Sustainability-related Financial Information	ED 321	15 July 2022	29 July 2022
ISSB	ED/2022/S2 Climate-related Disclosures	ED 321	15 July 2022	29 July 2022
IPSASB	ED 82 Retirement Benefit Plans	–	–	1 August 2022
IPSASB	Consultation Paper Advancing Public Sector Sustainability Reporting	–	–	9 September 2022
IPSASB	Consultation Paper Natural Resources	–	–	17 October 2022

AASB 2022 Scheduled Board Meeting Dates

22-23 June

3 August

21-22 September

3 November

14-15 December

June 2022 AASB meeting

At the next Board meeting, it is expected the Board will address the following items:

AASB Agenda Consultation

Audit Engagement Disclosures

Not-for-Profit Private Sector Financial Reporting Framework

Post-implementation Reviews

Sustainability Reporting