



**Subject:** Minutes of the 147<sup>th</sup> meeting of the AASB  
**Venue:** Ken Spencer Room, AASB offices  
Level 7, 600 Bourke St, Melbourne  
**Time(s):** Wednesday 2 September 2015 from 9.30 a.m. to 5.45 p.m.  
Thursday 3 September 2015 from 8.30 a.m. to 1.50 p.m.

All agenda items except items 21 and 25 were discussed in public.

## Attendance

Members            Kris Peach (Chair)  
                         Mike Blake  
                         Peter Carlson (apology day 1 from 5.00pm until 5.45pm)  
                         Anna Crawford (apology day 1 from 4.20pm to 5.05pm)  
                         Kimberley Crook  
                         Regina Fikkers  
                         Peter Gibson  
                         Andrew Kearnan  
                         Steve Mitsas  
                         Carmen Ridley  
                         Taryn Rulton  
                         Marc Smit (Apology for day 2)  
                         Ann Tarca

Apologies            Megan Wilson

In Attendance:

Staff                    Clark Anstis (in part)  
                         Nikole Gyles  
                         Ahmad Hamidi Ravari (in part)  
                         David Ji (in part)  
                         Kala Kandiah (in part)  
                         Eric Lee (in part)  
                         Evelyn Ling (in part)  
                         Lisa Panetta  
                         Daen Soukseun (in part)  
                         Joanna Spencer (in part)  
                         Angus Thomson

Other                    Todd Beardsworth [New Zealand staff] (in part by teleconference)  
                         Vanessa Sealy-Fisher [New Zealand staff] (in part by teleconference)



## Agenda and Declaration of Interests

Agenda Item 1

### Declarations of Interest

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 interest that a specific declaration will be made where there is a particular interest in an issue before the Board. A declaration was made by Steve Mitsas regarding agenda item seventeen addressing Contributions Tax Payable by the Plan in Light of Expected Franking Credits. Mr. Mitsas advised that this is a major issue for the Victorian State accounts and that he had previously expressed a view on the issue.

No other declarations were made.

### Chair Report

#### *Sue Lloyd Visit and Education Sessions and Roundtables*

The Chair noted that Sue Lloyd, IASB board member, had visited on Monday 10 August and Tuesday 11 August in Melbourne and Sydney. The Chair noted that during her visit Ms. Lloyd:

- (a) led Education Sessions on the Disclosure Initiative Project;
- (b) attended roundtables on the Conceptual Framework Exposure Draft; and
- (c) attended several meetings with banks and other constituents.

The Chair noted that the Education Sessions and Conceptual Framework roundtables were a great success and thanked members who had attended the events.

#### *AASB Webinar*

The Chair noted that the AASB held its first AASB webinar on 13 August 2015 on ED 260 *Income of Not-for-Profit Entities*. The Chair noted the webinar was attended by 350 attendees and had received very favourable feedback.

#### *KASB Guests*

The Chair noted that the AASB had hosted two guests from the Korean Accounting Standards Board – Youngmi Seo and Sungsoo Kwon.

#### *Voting on Principals and Exposure Drafts*

The Chair thanked Board Members for their efforts voting on the recently issued sixty principal Standards and Interpretations and the domestic Exposure Drafts.

#### *Tax Matters*

The Chair noted the Senate Standing Committees on Economic Corporate Tax Avoidance Report, highlighting that the report makes reference to general purpose financial reports and special purpose



financial reports and the emphasis on having financial statements to help the Australian Taxation Office in its tax avoidance activities.

The Chair also noted she had discussions with the Board of taxation regarding whether taxable income should be based on accounting income.

*Other*

Communications Update

The Chair provided the Board with an update on the work performed by Gregg Vines in the area of Communications.

Office Relocation

The Chair noted that the AASB will be relocating to Level 14, 530 Collins Street on 21 September. In addition, AASB meetings in 2016 will be held on Tuesday's and Wednesday's.

2016 AASB Board Meeting Dates

The Chair noted that the 2016 Board Meeting dates have now been confirmed and are outlined on the AASB website.

## Apologies, Minutes and Approvals Out of Session

Agenda Item 2

### Apologies

An apology was noted for Megan Wilson for both days of the meeting. An apology was noted on day 1 of the meeting for Anna Crawford from 4.20pm to 5.05pm and for Peter Carlson from 5.00pm until 5.45pm. An apology was noted for Marc Smit for day 2 of the meeting.

### Minutes

The Board approved the minutes of the one hundred and forty-sixth meeting held on 8 July 2015.

### Approvals Out of Session

The Board noted that the following Exposure Drafts and Invitation to Comment were approved out of session:

AASB Pronouncement No.	AASB Exposure Draft Name	Comments Due By	
		AASB	IASB
ED 267	<i>Clarifications to AASB 15</i>	2 October 2015	28 October 2015
ED 268	<i>Effective Date of Amendments to AASB 10 and AASB 128</i>	9 September 2015	9 October 2015



AASB Pronouncement No.	AASB Exposure Draft Name	Comments Due By	
ED 269	<i>Recoverable Amount of Non-cash-generating Specialised Assets of Not-for-Profit Entities</i>	16 November 2015	-
ED 270	<i>Reporting Service Performance Information</i>	12 February 2016	-
ITC 33	<i>Request for Comment on IASB's Request for Views on 2015 Agenda Consultation</i>	9 November 2015	31 December 2015

In addition, the Board approved out of session sixty AASB principal Standards/Interpretations.

## Conceptual Framework

### Agenda Item 3

The Board began its consideration of IASB Exposure Draft ED/2015/3 *Conceptual Framework for Financial Reporting*. The Board tentatively agreed with the positions taken in its draft comment letter, and decided that:

- (a) the comment letter should identify more clearly which aspects of the alternative views the Board supports;
- (b) the Board's concerns with regard to 'no practical ability to transfer' should be further developed; and
- (c) the comment letter should urge the IASB to have a more even-handed discussion of measurement bases, rather than having an apparent bias towards historical cost.

The Board also decided that its comment letter should note:

- (a) the profit or loss versus other comprehensive income distinction should not be embedded in a Conceptual Framework because it could discourage the development of better presentation approaches in the future; and
- (b) the Framework should aspire to current value as a single measurement basis.

The Board tentatively decided that its submission should comment on whether the Board could support the proposals as currently drafted, acknowledging that some of these proposals may differ from the Board's views.

The Board will consider a revised draft comment letter at its October meeting.

Action:

Staff



## Reduced Disclosure Requirements (Tier 2) Principles

### Agenda Item 4

The Board refined the Reduced Disclosure Requirements (RDR) decision-making framework:

- (a) to articulate a frame of reference for the overarching principles of user needs and cost-benefit;
- (b) for the Supporting Disclosure Areas (SDAs) removing the rebuttable presumption that costs exceed benefits and clarifying that SDAs need to provide a user with a basic level of understanding of significant transactions and events;
- (c) to include an additional category of disclosure areas – Other Disclosure Areas (ODAs). ODAs would be subjected to a rebuttable presumption that the benefits of disclosure do not exceed the costs; and
- (d) to articulate the principle that the disclosures in relation to significant judgements and estimates and accounting policies required for Tier 2 entities are located in AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and that staff should use this principle to evaluate the need to retain for Tier 2 entities similar disclosures in other Standards.

The Board tentatively decided that the refined RDR decision-making framework be applied by:

- (a) starting with the disclosures required for Tier 1 entities and reduce them to identify the disclosures that Tier 2 entities are required to make; and
- (b) presenting Tier 2 in an appendix to each Standard that identifies, for that Standard, the disclosures required for Tier 2 entities.

The Board directed staff to bring back to the October Board meeting:

- (a) consideration of how the framework should be applied to AASBs 101, AASB 107 *Statement of Cash Flows* and AASB 108, including whether the statements of financial performance, financial position and cash flow should be the same for Tiers 1 and 2; and
- (b) sweep issues, including the proposed application date.

Action: Staff

## Presentation from Australian Bureau of Statistics Staff

### Agenda Item 5

Paul Mahoney, Branch Head, Macroeconomic Statistics Division of the Australian Bureau of Statistics, provided the Board with an overview of the Australian Government Finance Statistics (GFS) Manual 2015 (preliminary draft). The Board agreed to continue to work closely with the ABS on GFS issues that affect Australian Accounting Standards.

Action: Staff



## Service Concession Arrangements: Grantor

### Agenda Item 6

The Board considered the feedback received to date on ED 261 *Service Concession Arrangements: Grantor* and noted that, overall, constituents were supportive of the proposals and did not identify any major impediments to progressing the project. However, feedback also indicated that there are a number of areas requiring Board redeliberation and further work, including:

- (a) application to all public sector entities;
- (b) concept of control;
- (c) issues regarding the interaction of these proposals with fair value considerations, particularly where the operator has a right to proceeds from the public;
- (d) consideration of additional guidance/examples;
- (e) liability recognition and measurement;
- (f) defined terms;
- (g) other revenues, lifecycle costs and GAAP/GFS implications;
- (h) application date and transitional provisions; and
- (i) disclosures.

The Board also noted that staff intend to undertake field tests of the proposals later in 2015.

The Board approved the draft Project Plan.

Action: Staff

## Financial Reporting Framework – Benchmarking

### Agenda Item 7

The Board received an overview of the developing benchmarking report and provided staff with general feedback. The Board noted that benchmarking the bases used in other jurisdictions for requiring different tiers of reporting is useful in informing its work on the Australian Financial Reporting Framework.

Action: Staff

## IPSASB Exposure Draft 56 *The Applicability of IPSASs*

### Agenda Item 8

The Board approved the content of a submission to IPSASB ED 56 *The Applicability of IPSASs* that agreed with the approach proposed in the ED to:

- (a) remove the definition of ‘Government Business Enterprise’ in IPSAS 1 *Presentation of Financial Statements*; and



- (b) make consequential amendments to International Public Sector Accounting Standards and Recommended Practice Guidelines.

The submission will be finalised out-of-session by the Chair.

Action: Staff  
Chair

## Cross-references in Financial Statements to Other Documents

### Agenda Item 9

The Board noted that the ability to cross-reference certain information to other documents in IFRS 7 *Financial Instruments: Disclosures* paragraphs B6, 21B and 35C is available in AASB 7 *Financial Instruments: Disclosures* effective for annual reporting periods beginning on or after 1 January 2018 (the effective date of AASB 9 *Financial Instruments (2014)*). The Board decided not to amend AASB 7 for earlier effective dates.

## International Valuation Standards Council Engagement Paper

### Agenda Item 10

The Board decided to make a submission to the International Valuation Standards Council (IVSC) Review Group Report Engagement Paper expressing support for the proposal to involve other standard-setters as part of the IVSC's processes. The Board also decided to recommend that the IVSC gives consideration, depending on the topic being addressed, to including representatives from standard-setters or other disciplines as part of an IVSC Working Group.

The submission will be finalised out-of-session by the Chair.

Action: Staff  
Chair

## International Projects Update

### Agenda Item 11

The Board did not identify any issues to raise with the IASB as a result of the IASB's recent Board meeting or advisory body meetings.

## International Meetings Update

### Agenda Item 12

The Board received an overview of the international meetings that the Chair and staff have been involved in since the last Board meeting, including the ASAF meeting and AASB-NZASB presentation on issues relating to insurance contracts; and meetings with a number of national and regional standard setters.

The Board also noted that the KASB will be the next Chair of the AOSSG and voting is underway for a new AOSSG Vice-Chair.



## Research Update

Agenda Item 13

The Board noted the updated research work program and the recent activities of the AASB's Academic Advisory Panel.

### ***AASB and KASB Joint Research***

Staff briefed the Board on the AASB and KASB joint research project titled Professional Judgment and Terms of Likelihood, which involves a survey instrument to be sent to listed companies and auditors. Board members were requested to provide relevant contacts who could respond to the survey.

### ***Post-implementation Review of International Financial Reporting Standards (IFRS)***

The Board noted progress on conducting a post-implementation review of IFRS adoption in Australia, which includes evaluating the relevant costs and benefits. The Board decided that a literature review relating to IFRS adoption in Australia should be carried out as part of the project followed by various outreach activities.

## Income of Not-for-Profit Entities

Agenda Item 14

The Board considered the feedback on ED 260 *Income of Not-for-Profit Entities* proposals and a draft project plan. The Board noted the high level of support for the proposal to remove the current income recognition requirements based on the reciprocal/non-reciprocal transfer distinction in AASB 1004 Contributions. The Board noted that some constituents supported the approach described in AASB 120 Accounting for Government Grants and Disclosure of Government Assistance and that the Basis for Conclusions to ED 260 was not comprehensive as to the reasons why the Board had not proposed this approach. The Board directed staff to bring to the October Board meeting a paper identifying those reasons and how those reasons might be incorporated into the Basis for Conclusions.

In addition, staff expect the following topics will be discussed at the October Board meeting:

- (a) a staff analysis of Questions 6-8 and 10-13 from ED 260;
- (b) redeliberation of the performance obligation concepts of enforceable agreement and sufficiently specific; and
- (c) the draft project plan, updated as necessary for any issues identified by staff in their analysis of the feedback received on Questions 6-8 and 10-13 of ED 260.

The Board also noted the importance of maintaining good communication with the ED 260 respondents and those who would be affected by any change to the current requirements and that a range of communication approaches should be used.

Action:

Staff





## Accounting for Income Tax of Public Sector Entities

### Agenda Item 15

The Board will issue a tentative Agenda Decision responding to a constituent view that income tax equivalents should not be within the scope of AASB 112 *Income Taxes*. The Board tentatively decided that:

- (a) income tax equivalents are, in substance, an income tax as defined in AASB 112;
- (b) the owner (State/Territory government) is not receiving National Tax Equivalent Regime payments in its capacity as an owner; and
- (c) application of AASB 112 enhances the transparency of an entity's reporting and comparability with other entities within and outside the public sector.

The Board directed staff to prepare a draft wording for a tentative Agenda Decision to be published on the AASB's website with a 30-day comment period. The tentative Agenda Decision will be finalised out-of-session by the Chair.

Action: Staff  
Chair

## **Draft AASB submission on IASB ED/2015/5 *Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan***

### Agenda Item 16

The Board generally agreed with the amendments proposed in IASB Exposure Draft ED/2015/5 *Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan* [incorporated into AASB ED 266] and decided to finalise the AASB submission on IASB ED/2015/5 out-of-session via the Chair, subject to constituent feedback on AASB ED 266.

Action: Staff  
Chair

## **Contributions Tax Payable by the Plan in Light of Expected Franking Credits**

### Agenda Item 17

The Board directed staff to conduct further research on how actuaries incorporate the impact of franking credits in measuring defined benefit obligations and investigate the research on value attributed to franking credits in market values of listed securities. The Board also directed staff to do more research on whether the issue is confined to public sector entities.

Action: Staff

## **IFRS Foundation Review**

### Agenda Item 18

The Board decided to submit a comment letter to the IFRS Foundation in response to the *Request for Views*

Australian Accounting Standards Board, PO Box 204, Collins Street West, Victoria 8007  
Telephone: +61 3 9617 7600, E-mail: [standard@asb.gov.au](mailto:standard@asb.gov.au), Website: [www.asb.gov.au](http://www.asb.gov.au)



– Trustees' Review of Structure and Effectiveness: Issues for the Review.

Action: Staff

## AASB Agenda Consultation 2015

Agenda Item 19

The Board decided to undertake a domestic agenda consultation process. The Board expects to publish an Invitation to Comment later in September 2015 requesting input on the domestic topics to be included in the AASB work program in respect of the period 2017-2019, and the priority that should be ascribed to the projects.

The Board established a Board Advisor Group consisting of Carmen Ridley, Taryn Rulton, Kris Peach and Regina Fikkers to assist in developing the Invitation to Comment.

Action: Staff  
Board Advisor Group

## Strategic Plan Update

Agenda Item 20

The Board noted that a number of key performance indicators for the AASB's strategic directions had been achieved, and the majority of those remaining were on track.

## Crowd-sourced Equity Funding

Agenda Item 23

The Board discussed an Australian Government Consultation Paper seeking views on extending crowd-sourced equity funding to small proprietary companies and decided that AASB staff should further discuss the financial reporting requirements for such companies with Treasury staff.

Action: Staff

## Emerging Issues

Agenda Item 24

### ***Draft AASB Submission on Effective Date of Amendments to IFRS 10 and IAS 28***

The Board expressed a preference for the IASB to not defer indefinitely the effective date of the amendments related to sale or contribution of assets between an investor and its associate or joint venture in IFRS 10 and IAS 28 as proposed in IASB Exposure Draft ED/2015/7 *Effective Date of Amendments to IFRS 10 and IAS 28* [incorporated into AASB ED 268] as the Board considers that the amendments address an inconsistency between the requirements in IFRS 10 and IAS 28 and, accordingly, help reduce diversity in practice.

The Board also noted that, if the IASB decides to proceed with its proposal to defer the effective date



indefinitely, the Board is strongly of the view that the IASB should expedite its Equity Method of Accounting research project.

The Board also tentatively decided to express concerns that amending the effective date, which was established after careful consideration and consultation with its constituents, may undermine the IASB's due process. The Board noted that this could set a precedent for constituents seeking amendments to effective dates of other Standards that may be considered difficult to implement.

The Board also noted that Accounting Standards are legislative instruments in Australia and deferring the effective date indefinitely may have unintended legal consequences (for example, it may result in the requirements becoming effective immediately). Accordingly, the Board tentatively decided that if the IASB's proposals in ED/2015/7 become a Standard, the effective date of the amendments would be 1 January 2018.

The Board decided that the AASB submission to the IASB on ED/2015/7 would be finalised out-of-session via the Chair

Action: Staff  
Chair

## ***Digital Currency***

The Board directed staff to consider emerging issues relating to accounting for digital currency with a view to potentially raising the issues at a future Accounting Standards Advisory Forum (ASAF) meeting.

Action: Staff

## ***Exploration for and Evaluation of Mineral Resources***

The Board raised issues with the interpretation of AASB 6 *Exploration for and Evaluation of Mineral Resources* that have arisen because of specific 'Aus' paragraphs, which are not in the equivalent IFRS. One specific issue relates to the interaction between the impairment requirements in AASB 6 and AASB 136 *Impairment of Assets*. The Board also discussed whether any issues may arise in relation to the exploration and evaluation costs requirements in paragraphs Aus7.1 and Aus9.1. The Board directed staff to undertake a limited review of these 'Aus' paragraphs to determine whether a different interpretation of the requirements would result if these paragraphs were removed from AASB 6.

Action: Staff

## **Close of Meeting**

The Chair closed the meeting at 1.50 p.m. on Thursday 3 September 2015.

## **Approval**

Signed by the Chair as a correct record  
this twenty-first day of October 2015