



Project:	AASB Agenda Consultation 2017–2019	Meeting:	AASB August 2016 (M153)
Topic:	Summary of feedback received and staff recommendations	Agenda Item:	8.0
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		Project Priority:	High
		Decision-Making:	High
		Project Status:	In progress

Introduction and objective of the meeting

- 1 The objective of this paper is to:
 - (a) provide a summary and analysis of feedback received from Australian stakeholders in relation to the AASB’s 2017–2019 work program;
 - (b) seek Board member views on the staff’s proposals and recommendations; and
 - (c) provide the Board with a draft project plan.

Background

- 2 In November 2015 the AASB issued ITC 34 [AASB Agenda Consultation 2017–2019](#) for comment by 4 March 2016.
- 3 The purpose of the agenda consultation is to seek views from Australian constituents on the projects the AASB should be addressing that are primarily domestic in nature. The domestic work program of the AASB addresses financial reporting issues in relation to:
 - (a) public sector entities;
 - (b) not-for-profit entities; and
 - (c) Australian specific issues relating to for-profit entities.

It is expected that the agenda consultation will result in the AASB considering a number of short-term projects, and a small number of long-term projects, to add to its current work program.

Consultation

- 4 The Board has received 7 comment letters on ITC 34:
 - (a) Australasian Council of Auditors-General;
 - (b) CPA Australia;
 - (c) GAAP Consulting;
 - (d) HoTARAC;
 - (e) KPMG;
 - (f) PricewaterhouseCoopers; and
 - (g) Regnan.
- 5 Staff also received informal written feedback via email from 16 constituents.
- 6 In addition, staff sought feedback in over 30 meetings with preparers, auditors, investors and peak bodies as well as presentations and forums including:
 - (a) AASB Accounting Firms Forum held in May 2016. These attendees were, in the main, from smaller/mid-tier accounting firms;
 - (b) CPA Congress (October – November 2015) sessions in Melbourne, Sydney, Brisbane, Adelaide and Perth, and the CPA Convention session in Newcastle (March 2016);
 - (c) CPA Public Sector discussion group (March 2016);
 - (d) CAANZ Not-for-Profit discussion group (April 2016);
 - (e) Institute of Public Accountants conference in Adelaide (March 2016);
 - (f) South Australian Local Government Finance Managers Group annual conference (December 2015).
- 7 As part of the review of IFRS adoption and implementation in Australia, staff also sought feedback on the AASB's future agenda from constituents. The IFRS review outreach activities include:
 - (a) interviewing 72 individuals, from both for-profit and not-for-profit entities in Melbourne, Sydney, Canberra, Brisbane, Adelaide and Perth; and
 - (b) the following forums:
 - (i) Director Forum with the Australian Institute of Company Directors (AICD), one in Melbourne and one in Sydney in June 2016; and
 - (ii) Not-for-Profit Sectors Forum in August 2016, one in Melbourne with the CPA Australia and one in Sydney with the CA ANZ.

8 During April and June 2016, staff presented AASB research agenda at Universities in Melbourne, Sydney, Canberra, Brisbane, Adelaide and Perth which staff also sought feedback from academics.

Staff analysis of feedback received

- 9 To obtain feedback, the ITC specifically asked the following questions:
- (a) What topics do you think should be added to the AASB work program (research and standard-setting)? Please outline the reasons why you think the project(s) should be addressed by the AASB.
 - (b) What priority should be ascribed to the project(s)? Please outline the reasons why you think the project(s) should be prioritised in this manner by the AASB.
 - (c) Are there any topics on the current AASB work program that you think should be removed from the work program? Please outline the reasons why you think the project(s) should be removed.
- 10 Staff analysed and considered all feedback received to identify and prioritise projects for 2017–2019 work program. In addition, staff also reviewed previous Board interim decisions to determine whether there were any outstanding topics should be brought back for Board consideration.
- 11 Where a project suggestion was closely linked to an existing project on the Board’s agenda the comments will be considered by the relevant project team, rather than as part of the current process.

Responses to question (a): What topics do you think should be added to the AASB work program (research and standard-setting)? Please outline the reasons why you think the project(s) should be addressed by the AASB.

- 12 Stakeholders requested a wide range of topics to be added to the AASB work program. Some topics are related to the current work program and some are new topics. The summary of the feedback is provided in Appendix A
- 13 The key reasons provided for the suggested project(s) can be summarised as below:
- (a) timely for performing costs and benefits analyses;
 - (b) lack of clarity of accounting and/or disclosure requirement(s);
 - (c) current diversity in interpretation and/or in practice;
 - (d) giving rise to volatility in financial statements;
 - (e) users’ needs in the public sector entities and other NFP entities; and
 - (f) users’ requests for better external reporting information.
- 14 Staff recommendations for addressing each project suggestion are also provided in Appendix A. Staff are proposing for those projects that staff recommend undertaking

further work on be brought back to the December 2016 and February 2017 Board meetings for Board discussion.

Responses to question (b): What priority should be ascribed to the project(s)? Please outline the reasons why you think the project(s) should be prioritised in this manner by the AASB.

- 15 Most stakeholders did not provide views on how the project(s) should be prioritised. The following summary provides a list of limited projects that some stakeholders have requested the AASB to give high priority and does not represent the overall views of stakeholders:
- (a) AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (Appendix A: B2);
 - (b) Grant expense/ liability (Appendix A: B5);
 - (c) Post-Implementation Review of:
 - (i) AASB 13 *Fair Value Measurement* (Appendix A: A3);
 - (ii) AASB 1055 *Budgetary Reporting* (Appendix A: B4); and
 - (iii) AASB 124 *Related Party Disclosures* (Appendix A: B14).

Responses to question (c): Are there any topics on the current AASB work program that you think should be removed from the work program? Please outline the reasons why you think the project(s) should be removed.

- 16 One stakeholder suggested removing the carbon tax project because Australia does not currently have such emissions trading scheme and the current policies for carbon abatement do not give rise to difficult accounting issues.

Staff Recommendations

- 17 Staff recommendations for each topic are provided in Appendix A. For each topic staff have provided the following recommendations after analysing feedback from various stakeholders:
- (a) develop a project plan for the Board to consider;
 - (b) conduct further outreach;
 - (c) monitor and contribute to the relevant project(s) undertaken by other standard-setter(s);
 - (d) to be considered as part of research agenda; and/or
 - (e) no action is required.

Question 1 to the Board

Does the Board agree with the staff recommendations in Appendix A?

Draft project plan

September – November 2016	AASB Staff to undertake further targeted outreach, as required
December 2016	Bring first tranche of topics back to the Board for consideration
February 2017	Bring second tranche of topics back to the Board for consideration
April 2017	Board to discuss draft work program and Feedback Statement
May 2017	Publish Feedback Statement and finalise work program 2017-2019

Question 2 to the Board

Does the Board agree with the draft project plan?

APPENDIX A

Ref	Topic	Feedback Received / Issues raised or previously noted by the Board	Recommendations
For all sectors			
A1	Australian Reporting Framework	<p>Many constituents recommended the AASB to continue the Australian Reporting Framework project as a high priority project and the project should consider for not-for-profit entities and small-to-medium private entities. A stakeholder suggested the possibility of a third tier of financial reporting which could be used by small entities such as small charities.</p> <p>Most stakeholders suggested the AASB to:</p> <ul style="list-style-type: none"> (a) consider the possibility of a third tier of financial reporting which has fewer disclosure requirements and simplified recognition and measurement for small entities; (b) revisit and clarify the concept of reporting entities and special-purpose financial reporting; and (c) reconsider criteria of entities for Tier 1 and Tier 2. 	Staff consider that these recommendations are already being addressed as part of the current Australian Reporting Framework project (high priority), so do not recommend any additional projects are needed at this stage.
A2	Discounting of long term liabilities & AASB 119 <i>Employee Benefits</i>	A number of constituents recommended the AASB consider the use of other rates instead of spot rate in the public sector, such as longer term average interest rates or rolling rate. The recommendation is to address the concerns about the existing magnitude of employee liabilities and relatively large proportion of defined benefit superannuation obligations, which can result in the surplus or deficit arising from the impact of policy	Staff recommend a project plan be developed.

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		<p>decisions being overshadowed by spot rate movements.</p> <p>A stakeholder further recommends that if this project is progressed, the wider issue of consistency of the discounting of other long term liabilities be considered</p> <p>Some stakeholders noted that discount rates can cause volatility in the financial information. Different items may use different discount rates which give rise to unreliable financial information.</p>	
A3	<p><i>AASB 13 Fair value measurement</i></p> <p><i>AASB 116 Property, Plant and Equipment</i></p>	<p><u>Public sector:</u></p> <ol style="list-style-type: none"> 1. Stakeholders suggested the Board provide guidance as to how the fair value measurement requirements are to be applied. In particular, stakeholders suggested that the guidance should clarify: <ul style="list-style-type: none"> (a) how obsolescence should be treated in the valuation of public sector assets; and (b) the application of the fair value model to public sector assets held for long-term service potential. 2. A stakeholder recommended the AASB undertake a PIR of AASB 13 and its application to the valuation of public sector assets. Since its implementation, the requirements of AASB 13 have been particularly difficult to apply to public sector assets mainly because of their nature and attributes which are not market or profit driven. 3. Some stakeholders also suggested that the Board 	<p><u>Public sector:</u></p> <p>As noted in the Basis for Conclusions for <i>AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities</i>, the Board is consider whether a broader project on revisiting AASB 13 should be conducted, pending the outcome of related current Board projects, including its projects on the review of the Reduced Disclosure Regime (<i>Tier 2</i>), Australian Reporting Framework, and Conceptual Framework. Staff note that the review of the Reduced Disclosure Regime (<i>Tier 2</i>), Australian Reporting Framework, and Conceptual Framework are now substantially progressed.</p> <p>Staff recommend a project plan be developed.</p>

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		<p>should consider further disclosure relief in addition those provided in AASB 2015-7 <i>Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities</i>.</p> <p>4. A stakeholder suggested that the AASB reconsider the requirement to have all property, plant and equipment measured at fair value.</p> <p>5. A stakeholder requested clearer guidance in AASB 116 around the concept of "directly attributable" as a key asset capitalisation criterion, as it is expected that certain costs initially capitalised are effectively "written-off" in subsequent revaluations. There have been instances where the cost of constructing an asset would exceed the value ascribed by a valuer when estimating the replacement cost of re-creating the service potential of the newly constructed asset.</p> <p><u>For-profit sector:</u></p> <p>A stakeholder has requested the Board to provide guidance in three areas:</p> <p>(a) the relationship between the fair value (where current replacement cost is used to measure fair value) and accounting depreciation, including the term 'depreciated replacement cost' and the role of accumulated depreciation in determining</p>	<p>In respect to the suggestion for the AASB to reconsider the requirement to have all property, plant and equipment measured at fair value, staff do not think this is an issue as the AASB does not require assets to be held at fair value, staff do not recommend a PIR to be undertaken.</p> <p>Staff recommend additional outreach be conducted in relation to the concept of directly attributable under AASB 116 to understand how widespread this issue is prior to making a recommendation as to whether a specific project be undertaken by the Board on this issue.</p> <p><u>For-profit entities:</u></p> <p>Staff recommend outreach to be performed in relation to this issue to understand the extent, if any, of diversity in practice.</p>

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		<p>fair value;</p> <p>(b) whether depreciation expense can be determined other than by reference to an asset's depreciable amount. The submissions assets that depreciable amount is the result of an asset's replacement cost less its residual value; however replacement cost is not equal to fair value; and</p> <p>(c) whether the expected consumption pattern of remaining service potential of an asset over its life cycle can be used to allocate the depreciable amount of the asset over its useful life.</p>	
Public sector entities			
B1	Licences	<p>As part of the service concession arrangements project the Board considered the relationship between service concession arrangements and other licences granted by government, and instructed staff to conduct research on the nature and accounting for various licences. The purpose of this research is to inform the Board as to whether a separate project may be required to consider the accounting for these types of licences.</p>	<p>Staff have undertaken targeted outreach on this issue and understand that accounting for licences, in particular in the public sector, is a significant issue in practice.</p> <p>Agenda Paper 3.9 for this Board meeting addresses licenses in the context of Income of Not-for-Profit Entities project. If licenses are not to be addressed within that project, then staff recommend a project plan be developed relating to intangible assets of public sector entities, which would incorporate accounting for licences.</p>

Ref	Topic	Feedback Received / Issues raised or previously noted by the Board	Recommendations
B2	AASB 108 <i>Accounting policies, changes in accounting estimates and errors</i>	<p>Some public sector stakeholders suggested revising AASB 108 <i>Accounting policies, changes in accounting estimates and errors</i>. Most of the comments are related to the application of materiality, in particular on the following matters:</p> <ul style="list-style-type: none"> (a) whether immaterial prior year errors can be adjusted retrospectively; and (b) whether a third balance sheet should be prepared for the retrospective correction of prior period errors that are not quantitatively material? <p>A stakeholder also commented that there are difficulties in distinguishing between an error and change in accounting policy and between a change in accounting policy and a change in estimate in the public sector.</p>	<p>Staff are not aware of any public sector/not-for-profit differences in transactions that would mean that a different requirement or additional guidance within the Standard is needed to address specific concerns.</p> <p>Staff do not recommend undertaking a specific project on this issue. However, staff recommend undertaking further outreach on this issue to assess whether it is a broader issue that may require some education material to be developed by AASB staff to assist in applying the Standard in practice.</p>
B3	Going Concern Assumption	A stakeholder suggested that the Board should provide clarity on the existing requirements of AASB 101 <i>Presentation of Financial Statements</i> because paragraphs 25 and 26 ¹ do not cater for the public sector	Staff recommend additional outreach be conducted to understand how widespread this issue is prior to making a recommendation as to whether a specific project be undertaken by

¹ AASB 101 *Presentation of Financial Statements*

Para. 25: When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.

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		context where material uncertainties relating to the going concern assumption are different from the private sector. In particular in the context when public sector entities ceased but with their functions continuing elsewhere.	the Board on this issue.
B4	<p data-bbox="232 485 539 555"><i>AASB 1055 Budgetary Reporting</i></p> <p data-bbox="232 612 600 718">Framework for Government budgets and forward estimates.</p>	<p data-bbox="647 485 1379 590">A number of stakeholders commented that it is timely to conduct a post-implementation review of <i>AASB 1055 Budgetary Reporting</i>.</p> <p data-bbox="647 647 1339 865">Many stakeholders expressed the view that preparing budgetary reporting can be burdensome. Some questioned the value of the information to users and suggested that a costs and benefits analysis should be conducted on preparing and auditing forecast budgets and explanations of major variances.</p> <p data-bbox="647 922 1326 1066">Some noted that there has been varied application of requirements and suggested further clarification and guidance is needed to improve the consistency and comparability of financial reporting.</p>	<p data-bbox="1404 485 1989 580">AASB 1055 is effective from 1 July 2014. Staff note that there is no formal requirement to undertake a PIR of issued Standards.</p> <p data-bbox="1404 628 1980 836">As a first step in considering this topic, staff recommend that further outreach be undertaken to assess whether some of the issues raised relate to implementation issues, or to more fundamental aspects of the Standard.</p>

Para 26: In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, the entity may reach a conclusion that the going concern basis of accounting is appropriate without detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

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		<p>Some suggested further clarification is needed on the: 1) definition of “major variances; and (2) quality of explanations for “major variances”.</p> <p>A stakeholder suggested clarification is needed on whether AASB 1055 could also be adopted by government agencies that are not GGS entities.</p> <p>A stakeholder suggested the AASB could consider a project, which is outside the conventional historical financial reporting, that researches the different accounting frameworks used by governments to prepare and report budget information and forward estimates. The government’s budgets, forward estimates and final budget outcomes attract more interest from users and stakeholders than historical annual financial reports. In particular, the AASB could develop a framework that includes:</p> <ul style="list-style-type: none"> (a) references to the qualitative characteristics of key assumptions and bases for prospective financial information; (b) measurement and recognition requirements of the accounting standards; (c) budgets to be prepared using the accounting policies required to account for financial results so that the actual results are directly comparable to budget estimates; and 	

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		<p>(d) linkage of the reporting budget information and actual outcomes with reporting of service performance information.</p> <p>As part of the project to develop AASB 1055 the Board noted it could in the future, as a separate project, address budgetary reporting requirements of a broader range of public sector entities.</p>	
B5	Grant expense/liability	A number of stakeholders noted that there is a lack of guidance from the grantor's perspective as to when to recognise an expense.	<p>The IPSASB has a current project on its agenda addressing non-exchange expenses, with a Consultation Paper scheduled for publication in December 2016.</p> <p>Staff recommend this project be considered by the Board as a project the AASB could work closely with the IPSASB on. Staff recommend to bring back a proposal for how the AASB may be able to contribute to the project.</p>
B6	<p>AASB 7 <i>Financial instruments: Disclosures</i></p> <p>AASB 9 <i>Financial Instruments</i></p>	<p>There is generally strong support to reduce and simplify disclosures of financial instruments for not-for-profit entities.</p> <p>Some stakeholders also recommended guidance be developed for the NFP public sector entities with respect to expected credit losses applicable to financial instruments.</p>	Staff recommend considering the disclosure of not-for-profit entities as part of a broader disclosure framework project proposal.

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B7	AASB 138 <i>Intangible assets</i>	<p>A stakeholder noted that they have received external advice to account for rights to receive future maintenance services as intangible assets, such as in circumstances when there is an agreement exists between a private operator and the government which requires the operator bears the cost of maintaining the infrastructure or amenities to an acceptable standard for public use over a specified term. The stakeholder requested the AASB to incorporate stricter guidance in AASB 138 to prevent inappropriate and/or unintended intangible assets being recognised – especially with the increasing focus on right-of-use assets that will inevitably occur under the new AASB 16 <i>Leases</i>.</p>	<p>As noted in B1 above, Staff recommend a project plan be developed in relation to intangible assets. Staff recommend this issue be incorporated into that project plan.</p>
B8	Materiality	<p>Some stakeholders expressed the view that the removal of AASB 1031 <i>Materiality</i> has not been helpful. There are also concerns that often there are different views on what constitutes ‘material’ between preparers and auditors.</p> <p>A stakeholder suggested that the AASB should clarify the application of the terms “material”, “significant”, “a minimum” and “major” in disclosure requirements, with these terms sometimes used within the same standards. It was suggested that the AASB may consider including definitions in the AASB Glossary of Defined Terms.</p>	<p>At its October 2013 meeting the Board decided to proceed with the withdrawal of AASB 1031. This decision is consistent with the Board’s view that the principle-based guidance on materiality in Australian Accounting Standards (that incorporate IFRSs) and the IASB <i>Conceptual Framework</i> is adequate.</p> <p>As such, staff recommend not to proceed with the issue.</p>
B9	Control of assets	<p>A stakeholder suggested a more comprehensive guidance on determining control over an asset to be included in the Conceptual Framework, particularly the</p>	<p>Staff recommend to add this issue to the already existing NFP conceptual framework project.</p>

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		concept of “future economic benefits” i.e. what form can “future economic benefits” take, and how direct/indirect can they be, particularly in a public sector environment.	
B10	Measurement of heritage assets	A stakeholder has expressed the view that the existing requirements are not sufficient to address the valuation of heritage assets. The lack of perspective materials in existing pronouncements is creating inconsistent practices and reduces the comparability of financial reports.	<p>The IPSASB has a current project on its agenda addressing Heritage Assets, with a Consultation Paper scheduled for publication in December 2016.</p> <p>Staff recommend this project be considered by the Board as a project the AASB could work closely with the IPSASB on. Staff recommend to bring back a proposal for how the AASB may be able to contribute to the project.</p> <p>Staff also recommend this issue to be considered as part of research agenda.</p>
B11	Public sector combinations	A stakeholder thinks that the lack of prescriptive materials in existing pronouncements is creating inconsistent practices and reduces the comparability of financial reports. There was a suggestion that the AASB could leverage off the work being undertaken by the IPSASB as existing Australian pronouncements do not adequately prescribe the accounting treatment of public sector combinations, and in particular, the requirements for machinery of government changes.	<p>The IPSASB has a current project on its agenda addressing Public Sector Combinations, with a final Standard scheduled for publication in March 2017.</p> <p>Staff recommend AASB staff continue to actively monitor and contribute to this project with updates provided to the Board as the IPSASB project progresses, with a view to determining the next steps the Board may wish</p>

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		As part of the removable of AAS 27 the Board previously agreed to undertake a thorough review of the application of the business combinations Standard to not-for-profit entities, following the development of more detailed criteria for determining the circumstances in which not-for-profit requirements should be included in IFRSs.	to take once the IPSASB Standard is issued. Staff recommend a staff paper be developed for the Board to consider at the October / December 2016 which IPSASB projects we can contribute to and follow closely on IPSASB.
B12	<i>AASB 1050 Administered items</i>	A stakeholder considers that review of the scope of <i>AASB 1050 Administered Items</i> is necessary. There are public sector entities, other than government departments, that manage administered items on behalf of government which are not required to disclose these transactions and balances in their financial reports. In reviewing the scope of this standard, the stakeholder suggested that further guidance on identifying administered items would be beneficial.	As a first step in considering this topic, staff recommend that further outreach be undertaken to assess whether the issues raised relate to implementation issues, or to more fundamental aspects of the Standard.
B13	Peppercorn leases	Some stakeholders have suggested more guidance is needed for peppercorn leases.	This issue is addressed as part of the current Income of not-for-profit entities project.
B14	<i>AASB 124 Related Party Disclosures</i>	There is general strong support for a post-implementation review of the AASB 124 and its application to the not-for-profit public sector financial reports due to the concerns that the uncertainty and lack of clarity of the accounting requirements is creating confusion amongst preparers and auditors which may lead to a decline in the quality of financial reporting and	Staff recommend no action to be taken at this stage as the changes to AASB 124 are only applicable from 1 July 2016. Staff recommend this issue be considered further during 2018-2019.

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		<p>increased costs upon implementation. Some also expressed their concerns about the costs of collecting data and preparing such reports may outweigh the benefits.</p> <p>A stakeholder suggested that a review within a year or two of the implementation of AASB 124 would identify whether the objectives of the standard have been met, measuring the costs and benefits of compliance, and whether any changes or additional guidance is required.</p> <p>Suggestions for further additional guidance include:</p> <ul style="list-style-type: none"> (a) transactions with a related party that would potentially need to be disclosed; (b) definition of related party transactions includes the statements, “regardless of whether a price is charged”; (c) transactions within the public sector where there is no price charged; and (d) other circumstances such as changes in laws or zoning which provide a benefit to KMP that are difficult to determine if they are a related party transaction. 	
B15	AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i>	<p>Some stakeholders noted that AASB 1049 has minimal benefits.</p> <p>A stakeholder suggested that in light of the recent amendments to the System of National Accounts and the</p>	<p>A PIR was undertaken in 2011.</p> <p>Staff recommend a project plan be developed.</p>

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		Government Finance Statistics Manual, it is timely for a post-implementation review of AASB 1049.	
B16	IPSASB measurement project	Many stakeholders are generally supportive of not adopting IPSASB; however many also expressed the views that the AASB should work closely or monitor IPSASB's work.	Staff recommend a staff paper be developed for the Board to consider at the October / December 2016 which IPSASB projects we can contribute to and follow closely on IPSASB.
B17	R&D Tax concessions	A stakeholder has inquired whether R&D tax is a government grant or a tax.	As a first step in considering this topic, staff recommend that further outreach be undertaken to assess the extent of any diversity in practice in relation to this issue.
B18	Community housing	There are inquiries on how community housing should be accounted for.	As a first step in considering this topic, staff recommend that further outreach be undertaken to assess the extent of any diversity in practice in relation to this issue.
B19	AASB 1004 <i>Contributions</i>	Some stakeholders have requested the AASB to reconsider the definition of 'contributions by owners' including the continuing need for any definition.	Staff recommend a project plan be developed.
Not-for-profit entities other than public sector entities (NFP)			
C1	Volunteer services	Some constituents considered that volunteer services should be a specific project of the AASB and not addressed in these current proposed changes (ED 260). Some constituents preferred that information about volunteer services be reported outside the not-for-profit entity's financial statements, for example as part of service performance reporting.	Staff recommend a project plan be developed.

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C2	Union financial reporting	At present, the <i>Fair Work (Registered Organisations) Act 2009 (Cth)</i> achieves financial disclosure in various ways. There are requests that the disclosure of financial information to members and the public need to be improved. In particular, requiring reporting units to prepare consolidated financial statements, as well as separate financial statements of reporting unit's controlled entities. Consideration also be given to repealing s. 148C of the <i>Fair Work (Registered Organisations) Act 2009 (Cth)</i> .	Staff recommend considering this issue as part of research agenda.
C3	Definition of fundraising	A request to the AASB was to develop the definition of fundraising.	Staff recommend a project plan be developed for the Board to consider.
C4	NFP sector Standards	Many constituents recommended the AASB consider modifying more IFRS standards to suit the needs of the NFP sector.	Staff recommend a project plan be developed for the Board to undertake a project, including benchmarking to other jurisdictions.
For-profit entities			
D1	AASB 1056 <i>Superannuation Entities</i>	In accordance to the Basis for Conclusion, topics include issues around the measurement of liabilities using discounted cash flow techniques and the nature of the reporting entity in a superannuation context are to form the basis of future research by the AASB Research Centre. In addition, the Board concluded that it should reconsider the accounting for the insurance arrangements once the IASB's comprehensive insurance contracts project is completed, but that this should not be a barrier to addressing the matter now.	Staff recommend this issue to be considered as part of research agenda.

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D2	AASB 107 <i>Cash flow statements</i>	Some stakeholders questioned the purpose of Aus 20.1 of AASB 107 <i>Cash flow statements</i> requires entities to prepare additional cash flow reconciliation if the direct method is used, when it is not a requirement under IFRS.	Staff are aware that the UK FRC is undertaking a project on reviewing content and structure of Cash flow statements. Staff will monitor the progress of the project and provide input as appropriate. In addition, staff recommend a project plan be developed to undertake a review of <i>Aus</i> disclosures.
D3	Voluntary tax transparency code	The Board of Taxation considers that the AASB can play an important role in the effective operation of the Voluntary Tax Transparency Code by: <ul style="list-style-type: none"> a) developing certain guidance material to assist business in meeting the standard required by the Code; and b) establishing a common definition of the term ‘effective tax rate’. The AASB Chair has flagged that the AASB could possibly explore a project on tax disclosures.	Staff recommend a project plan be developed. Staff note that if the Board proceeds with a project, it will need to be given a high priority as any final pronouncement will need to be issued in time for June 2017 reporting. Staff will monitor the interplay between accounting standards and tax law to improve the alignment of the two. As such, staff will continue and increase the communication and co-ordination with other agencies (Treasury and ATO) early in tax policy development and tax law design process which involve both tax laws and accounting standards.
D4	Pro-forma information & Performance reporting	Some stakeholders requested the AASB to explore the pro-forma information and performance reporting provided by entities. A stakeholder suggested that ‘a clearer, consistent and more comprehensive set of performance measures should be developed with input from not only the	Staff are aware that a number of academic staff are working on research projects in relation to pro-forma information and performance reporting. Staff will monitor the progress of those research projects and provide input as appropriate.

Ref	Topic	Feedback Received / Issues raised or previously noted by the Board	Recommendations
		preparers but from a good cross section of investors’.	Staff also recommend this issue to be considered as part of research agenda.
D5	Prospective information	Some stakeholders suggested that the AASB should develop standards on information disclosed in Initial Public Offering documents, i.e. prospectus.	Staff recommend this issue to be considered as part of research agenda.
D6	AASB 138 <i>Intangible assets</i>	<p>Some stakeholders think there is a need to reconsider how intangible assets should be reported.</p> <p>A stakeholder expressed the concerns of the growing gap between market valuations and net book value recognised in financial accounts and considers that there may be value in the IASB reactivating its work on intangible assets as a means to contribute to the conversation on how reporting entities should communicate with report users on intangibles - both booked and unbooked.</p>	<p>Staff are aware that this topic is on the IASB agenda.</p> <p>Staff recommend discussing with the relevant IASB staff how the AASB can contribute to the IASB project.</p>
D7	Value added statements	A stakeholder suggested that the AASB should provide guidance on value added statements. Value added statements are a financial statement that shows how much wealth has been created by an entity through utilisation of its resources and how is that wealth distributed among various stakeholders.	Staff recommend additional outreach be conducted to understand the usage of value added statements prior to making a recommendation as to whether a specific project be undertaken by the Board on this issue.
D8	Remuneration reporting	There was a general view that the current rules for remuneration reporting are complex and include redundant, overlapping requirements, which give rise to a lengthy compliance report. Some suggested the AASB should undertake a project about the users' needs around	Staff recommend a project plan be developed, including discussing with relevant stakeholders, such as Treasury, how the AASB can contribute to improving the current

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		<p>remuneration reporting to determine the reporting framework for remuneration.</p> <p>Some noted that there is a lack of consistency in remuneration reporting and suggested that guidance on remuneration reporting would be warranted such as guidance on potential alternative measurement principles or disclosures which are commonly used to explain remuneration paid and payable in the future.</p> <p>Some questioned the relevance of financial information of that long-term incentive and option expensing in <i>AASB 2 Share-based payment</i>.</p>	remuneration reporting requirements.
D9	<p><i>AASB 10 Consolidated Financial Statements</i></p> <p><i>AASB 128 Investments in Associates and Joint Ventures</i></p>	<p>Some stakeholders requested the AASB to conduct further research on whether to limit the exceptions in AASB 10 and AASB 128 from presenting consolidated financial statements or applying the equity method to entities other than the ultimate Australian entity.</p> <p>The Board decided to conduct further research before deciding whether to undertake a project to reconsider whether to limit the exceptions in AASB 10 and AASB 128 from presenting consolidated financial statements or applying the equity method to entities other than the ultimate Australian entity (refer to Basis for Conclusions on <i>AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent</i>).</p>	Staff recommend a project plan be developed.

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D10	Cooperative, mutual and member-owned firms	Requests received by the stakeholders that the AASB to closely monitor the progress of the IASB in developing solutions to bring co-operative shares under the definition of capital under AASB 132, and, where possible, facilitate equivalent amendments as expeditiously as possible.	<p>Staff will continue to closely monitor and contribute to the IASB’s work on accounting issues that affect cooperatives and incorporate amendments to IASB Standard.</p> <p>Staff also recommend a project plan be developed to identify how the Board may be able to work with the industry to help identify best practice and template disclosure solution to their issues around capital/debt classifications.</p>