



Subject: Minutes of the 135th meeting of the AASB
Venue: Ken Spencer Room, AASB offices
Level 7, 600 Bourke St, Melbourne
Time(s): Wednesday 11 December 2013 from 9.00 a.m. to 5.30 p.m.
Thursday 12 December 2013 from 8.30 a.m. to 1.00 p.m.

All agenda items except items 1(a), 6, 15 and 16 were discussed in public.

Attendance

Members

- Kevin Stevenson (Chairman)
- John O'Grady (Deputy Chairman)
- Peter Carlson
- Victor Clarke
- Michelle Embling
- Peter Gibson
- Jayne Godfrey
- Liane Papaelias (in part day 1, and day 2)
- Carmen Ridley
- Brett Rix
- Roger Sexton (day 2)
- Ian McPhee (Deputy Chairman)(day 2)

Apologies

- Anna Crawford
- Roger Sexton (day 1)
- Ian McPhee (day 1)
- Liane Papaelias (in part day 1)

In Attendance:

Staff

- Lisa Panetta
- Nikole Gyles
- Glenn Brady (in part)
- Robert Keys (in part)
- Angus Thomson (in part)
- Sue Lightfoot
- Christina Ng (in part)
- Jim Paul (in part)
- Shaun Steenkamp (in part)
- Kala Kandiah (in part)
- Joanna Spencer (in part)



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. No such matters arose in this meeting.

Chairman's Report

IASB

The Chairman noted:

- (a) the sad passing of Tony Cope, an inaugural member of the IASB;
- (b) an AASB staff member (Sue Lightfoot) attended the Financial Institutions IFRS Conference on 3 December;
- (c) a number of AASB staff participated in the IASB Conceptual Framework Tokyo Roundtable; and
- (d) a number of AASB staff had a video call with representatives of the Accounting Standards Board of Japan to discuss the IASB Conceptual Framework Discussion Paper.

IFRS Foundation

The Chairman noted that on 26 November, Lynn Wood, together with Maria Helena Santana were appointed to serve as Trustees of the IFRS Foundation. Both appointments will begin on 1 January 2014 and will expire on 31 December 2016, renewable for a further three-year term.

AOSSG

The Chairman noted that:

- (a) he and AASB staff attended the meeting of AOSSG held in November; and
- (b) at the meeting Hong Kong assumed the chair and Korea was ratified as vice-chair.

Accounting Standards Advisory Forum (ASAF)

The Chairman noted that he and AASB staff attended the meeting of ASAF held in December. The Chairman provided a brief overview of the meeting, noting that staff would provide the Board with a more detailed overview in Agenda item 12.

FRC



The Chairman noted that the Director – Research (Robert Keys) attended the FRC meeting held in Melbourne on 28 November 2013. The Director provided the Board with a report on the meeting.

Particular matters noted included that the FRC:

- (a) has asked the AASB to consider making a statement on the AASB website that could help facilitate the reduction in the volume of accounting policy note disclosures that are currently made under AASB 101 *Presentation of Financial Statements*;
- (b) has not yet decided whether to write to the IASB in response to the IASB's decision to not provide additional guidance on disclosures required in relation to uncertainty about going concern (see agenda item 13 below);
- (c) intends making a submission to the IASB on the IASB Conceptual Framework Discussion Paper (see agenda item 8 below); and
- (d) has made its Public Sector Committee and its Integrated Reporting Task Force dormant.

Board Membership Changes

The Chairman noted that four Board members were retiring from the Board as of 31 December 2013: Mr. Victor Clarke, Professor Jayne Godfrey, Ms. Liane Papaelias and Dr. Roger Sexton (and Mr. Robert Williams had resigned from the Board earlier in the year). The Chairman thanked them for their valuable contributions. The names of the five new Board Members will be announced in due course.

Other

The Chairman also noted:

- (a) the staff movements that are currently occurring; and
- (b) that the first day of the next Board meeting in February will be an education session for the new Board members and the second day will be a full day Board meeting for all Board members.

Apologies, Minutes and Approvals Out of Session

Apologies

Agenda Item 2

Apologies were noted for both days of the meeting from Anna Crawford, and on Day 1 from Ian McPhee and Roger Sexton. Liane Papaelias was an apology for part of Day 1.

Minutes

The Board approved the minutes of the one hundred and thirty-fourth meeting held on 23-24 October 2013. There were no matters arising not otherwise addressed as part of the agenda.



Approvals Out of Session

In relation to agenda paper 2.2, the Board noted that since the last Board meeting (23-24 October 2013), the Board has approved out-of-session the Standard AASB 2013-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities*.

In addition, Exposure Draft ED 246 *Equity Method in Separate Financial Statements* was issued under the Board's policy of delegated authority for the Chairman to issue the IASB consultation document ED/2013/10 *Equity Method in Separate Financial Statements* where there is no significant additional Australian material. Comments are due by 24 January 2014 to the AASB and 3 February 2014 to the IASB.

Other Business

Agenda Item 3

The Board noted:

- (a) a memorandum from Lisa Panetta and Nikole Gyles dated 26 November 2013 AASB Work Program – Standard Setting Directorate (agenda paper 3.1) [Board only];
- (b) AASB Standard Setting Work Program and Meeting Pipeline (November 2013) (agenda paper 3.1.1) [Board only];
- (c) AASB Research Centre Work Program (November 2013) (agenda paper 3.1.2);
- (d) AASB Sub-committee membership listing as at 26 November 2013 [Board only] (agenda paper 3.2);
- (e) Communications Report 24 October – 11 December 2013 [Board only] (tabled agenda paper 3.3);
- (f) submissions on AASB Exposure Draft ED 244 *Insurance Contracts* (agenda paper 3.4 and agenda paper 3.5);
- (g) submissions on AASB Exposure Draft ED 245 *Agriculture Bearer Plants* (agenda paper 3.6 and agenda paper 3.7);
- (h) Newspaper article regarding the 5th AOSSG Meeting – '26 bodies converge in Lanka to discuss intl. standards in accounting profession', 27 November 2013 (tabled agenda paper 3.8); and
- (i) IFRS Foundation Comments on the Maystadt Report (tabled agenda paper 3.10).

The Board also noted that staff had communicated some comments to ASIC on ASIC Consultation Paper 217 *Presentation of Financial Statements by Stapled Entities*.

IFRS Interpretations Committee

Agenda Item 4

The Board had before it:

- (a) a memorandum from Nikole Gyles and Shaun Steenkamp dated 29 November 2013 re IFRS Interpretations Committee Update (agenda paper 4.1);



- (b) AASB Staff Summary of IFRS Interpretations Committee Decisions – November 2013 (agenda paper 4.2);
- (c) IFRIC Update November 2013 (agenda paper 4.3);
- (d) a memorandum from Christina Ng dated 26 November 2013 re ED/2012/6 *Sale or Contribution of Assets between an Investor and Associates or Joint Ventures* (agenda paper 4.4);
- (e) a memorandum from Christina Ng dated 26 November 2013 re ED/2012/7 *Acquisition of an Interest in a Joint Operation* (agenda paper 4.5); and
- (f) a memorandum from Christina Ng dated 26 November 2013 re ED/2012/3 *Equity Method: Share of Other Net Asset Changes* (agenda paper 4.6).

The Board received an update on the 12-13 November 2013 IFRS Interpretations Committee (Committee) activities. The Board noted the Committee's tentative agenda decision in relation to the issue that the Board raised with the Committee regarding IFRIC 21 *Levies* as to how "the activity that triggers the payment of the levy" should be interpreted in paragraph 8 of IFRIC 21 in assessing when a liability should be recognised. The Board decided that there were no issues that need to be raised with the Committee at this stage.

AASB Communications Strategy

Agenda Item 15

The Board had before it Power Point slides on AASB Communications (agenda paper 15.2) [Board only].

The Board discussed aspects of AASB communications, including AASB engagement with constituents and accessibility to AASB materials. No decisions were made.

Narrow Scope Amendments

The Board noted the IASB's recent tentative decisions:

- (a) to finalise the proposed narrow-scope amendments in relation to ED/2012/6 and ED/2012/7, and provide further clarification of the proposals. The Board also noted the IASB's acknowledgement of the Board's concerns that were raised in its submissions and the IASB's tentative plans to address those concerns.

The most recent IASB work plan indicates that the IASB is targeting issuance of the amendments in Q1 of 2014; and

- (b) not to proceed with its proposals in ED/2012/3. IASB staff have been directed to conduct more analysis on the issue of how an investor should recognise its investee's 'other net asset changes'.

The Board decided that there were no issues that need to be raised with the IASB at this stage.



Emerging Issues

Agenda Item 5

Superannuation Entities

Agenda Item 5.1

The Board had before it a memorandum from Angus Thomson dated 9 December 2013 re: Superannuation entities (tabled agenda paper 5.1) [Board Only].

Intangible assets acquired in a business combination

The Pre-ballot Draft Standard includes a requirement to measure assets and liabilities at fair value with fair value changes recognised in the income statement, except for specified assets and liabilities, including member liabilities, tax assets and liabilities and any assets and liabilities associated with insurance arrangements provided to members. Acquired intangible assets are among those assets that must be measured at fair value at each reporting date, whether or not they are acquired in a business combination.

Members acknowledged that the fair value requirement would be a departure from AASB 138 *Intangible Assets*, but also noted that the requirement would be a departure for other types of assets, such as financial assets at amortised cost under AASB 9 *Financial Instruments*.

The Board decided that the fair value measurement principle in the Pre-ballot Draft Standard should prevail in respect of intangible assets.

Definition of 'vested benefits'

The Board noted that the definition of 'vested benefits' in the draft Pre-ballot Draft Standard focuses on benefits to which members or their beneficiaries would be entitled on voluntary withdrawal from the superannuation entity.

Board members noted that some defined benefit plans allow plan members to take lump sum withdrawals or pensions, and acknowledged that the term 'withdrawal' might be taken to exclude any allowance for benefits being taken as pensions.

The Board noted that it had intended that vested benefits would include all the relevant benefits, whether they are available as lump sums or pensions, now or in the future, and that this thinking is in line with a well-established understanding in the superannuation industry of the meaning of valuing benefits.

The Board decided to change the definition of 'vested benefits' to: "The value of benefits to which members or their beneficiaries would be entitled on voluntary withdrawal from the superannuation entity or on becoming entitled to a pension or deferred benefit as at the end of the reporting period."

Fatal flaw comment process

The Board noted that it plans to vote to approve a Ballot Draft Standard on superannuation entities for publication on the AASB website by the end of December and allow a 60-day fatal flaw comment period.



The final Standard will replace AAS 25 *Financial Reporting by Superannuation Plans* and is expected to apply to annual reporting periods beginning on or after 1 July 2016.

Action:

Staff

Board Members

Equity Method in Separate Financial Statements

Agenda Item 5.2

The Board had before it:

- (a) a memorandum from Kala Kandiah dated 10 December 2013 (agenda paper 5.2); and
- (b) AASB ED 246 *Equity Method in Separate Financial Statements* (which incorporated IASB ED/2013/10 of the same name) (agenda paper 5.2.1).

Subject to any additional issues identified in comment letters received by the Board in response to AASB ED 246 (which is open for comment until 24 January 2014), the Board intends expressing concerns to the IASB that the proposals could result in the IASB inappropriately setting a precedent of amending International Financial Reporting Standards to address specific local legislative requirements. The Board also noted that the issue of equity accounting is the subject of an IASB research project and recommended that any amendments to the application of the equity method be considered as part of this project.

The Board decided to finalise its submission to the IASB on ED/2013/10 via the Chairman.

Action:

Staff

Chairman

Review

Agenda Item 6

The Board noted AASB Strategic Plan 2013 – 2016 – Cumulative Progress Report, as at 10 December 2013 [Board only] (agenda paper 6.1).

Withdrawal of AASB 1031 *Materiality*

Agenda Item 7

The Board had before it:

- (a) a memorandum from Joanna Spencer dated 26 November 2013 re Withdrawal of AASB 1031 *Materiality* (agenda paper 7.1); and
- (b) AASB Staff Issues Paper on Withdrawal of AASB 1031 *Materiality* (agenda paper 7.2).

The Board considered two practical approaches to effect its October 2013 decision to proceed with the withdrawal of AASB 1031 *Materiality*.



- (a) supersede AASB 1031 with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and then remove the reference to AASB 1031 from all standards (including Interpretations) as and when those standards were amended for other changes; and
- (b) as an interim measure, reissue AASB 1031 so that it serves only as a referencing Standard to other pronouncements that contain guidance on materiality. References to AASB 1031 in other Standards and Interpretations would be removed as and when those standards were amended for other reasons. Once all references to AASB 1031 have been removed, AASB 1031 will be completely withdrawn.

The Board decided on the second approach and directed staff to prepare a ballot draft for voting by Board Members prior to the end of the year.

Board members will vote on the amendments by the end of December.

Action:	Staff
	Board Members

IASB Conceptual Framework Discussion Paper

Agenda Item 8

The Board had before it:

- (a) a memorandum from Jim Paul dated 4 December 2013 (agenda paper 8.1);
- (b) an extract from a draft Board submission on IASB Discussion Paper DP/2013/1 *A Review of the Conceptual Framework for Financial Reporting* [July 2013] (agenda paper 8.2);
- (c) AASB staff notes on AASB Forums on IASB DP/2013/1 held in Canberra, Melbourne and Sydney in October 2013 (agenda paper 8.3);
- (d) comment letters received on AASB Invitation to Comment ITC 29 [which incorporates IASB DP/2013/1] (agenda paper 8.4); and
- (e) a Board meeting handout entitled "Whether to modify the 'strict obligation approach' to liability/equity classification (and, if so, how)" (agenda paper 8.5, tabled).

The Board considered the key issues to raise in its submission on IASB DP/2013/1. In making decisions on those key issues, the Board considered the seven comment letters received on ITC 29 and staff notes on the three AASB Forums held on ITC 29 in October 2013, noting their usefulness in helping the Board determine its views. The Board also noted an oral report on AASB staff's participation in the IASB's Roundtable on DP/2013/1 held in Tokyo in November 2013.

The Board tentatively decided to express in its submission its strong support for the IASB's efforts in issuing the DP and for the IASB giving a high priority to the review of its Conceptual Framework. However, the Board tentatively decided to indicate it has significant concerns with a number of the preliminary views in the IASB DP, including those relating to:



- (a) recognition criteria – the Board disagrees with the preliminary view that the existing ‘probable’ criterion for the recognition of an asset or a liability should be omitted from the IASB Conceptual Framework;
- (b) measurement – the Board disagrees with the preliminary view that a single measurement basis (or model) for all assets and liabilities may not provide the most relevant information for users of financial statements and that a mixed measurement model should therefore be presumed in concept. Rather, the IASB Conceptual Framework should identify an ideal concept of wealth and an ideal concept of changes in wealth from non-owner sources (economic income), to underpin the selection of a conceptually ideal measurement model and assist with conceptually determining the economic income for a period. Consequently, the Board strongly disagrees with the preliminary views that:
 - (i) an ideal basis of measurement for a particular asset would depend on how users of financial statements are likely to assess how an asset of that type will contribute to cash flows (i.e. directly or indirectly). This is because an identified ideal concept of wealth should, in turn, indicate the ideal measurement basis for the asset, which is not predicated on how an asset contributes to cash flows; and
 - (ii) the topic of ‘capital maintenance’ (which would address the concept of economic income) should only be addressed at a standards level in the context of accounting for high inflation.

In addition, regarding measurement, the Board considers that:

- (iii) the DP seems to indicate that current market exit price is the only conceptual alternative measurement basis to historical cost worth considering: the Board strongly disagrees with that apparent view and with the omission to analyse in depth the conceptual arguments for and against using current market entry prices to measure assets and liabilities; and
 - (iv) on balance, the most useful current value concept of wealth to adopt is operating capability. In this regard, the submission should demonstrate how that concept could be adopted, with some departures (for cost/benefit reasons and/or as a gradual evolution from current practice), in a manner that is not radically different from the measurement bases presently required or permitted under IFRSs (but in a more coherent manner and with an articulated concept before those limited departures);
- (c) presentation and disclosure – the Board considers the preliminary views on presentation and disclosure seem incomplete and unlikely to aid decisions on how to streamline excessive disclosures and make information more relevant. In this regard, the Board noted that a gap exists in the existing IASB Conceptual Framework, between the objective level and the lower levels, that should be filled by identifying the generic types of information about an entity that should be relevant to meeting the common information needs of users in making decisions about the allocation of scarce resources;
- (d) profit or loss and other comprehensive income (OCI), including recycling of OCI items – the Board considers that the DP has not made an adequate conceptual case for splitting an entity’s comprehensive income for a period into profit or loss and OCI or for recycling some items recognised



in OCI to profit or loss in a subsequent period. The Board also has strong concerns that the DP does not establish a coherent principle for classifying items of comprehensive income as components of profit or loss or as items of OCI; and

- (e) the range of issues that are the domain of a Conceptual Framework – the Board strongly disagrees with the range of pervasive issues that the preliminary views indicate should be addressed only at a standards level, and is concerned about the range of exceptions to the preliminary views on conceptual issues.

Board members agreed to continue their consideration of the draft submission in 2014, and noted that the Chairman would write to the IASB advising that the AASB would be unable to lodge its submission by the IASB's due date of 14 January 2014, but expects to lodge it shortly thereafter.

Action:	Staff
	Chairman
	Board members

Financial Instruments

Agenda Item 9

The Board had before it:

- (a) a memorandum from Sue Lightfoot dated 26 November 2013 re: Financial Instruments: Project update (agenda paper 9.1);
- (b) IFRS Standard *IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)* (agenda paper 9.2);
- (c) AASB Staff Issues Paper Tier 2 Disclosures Arising from IFRS 9 (2013) (agenda paper 9.3);
- (d) Comment letters received on Tier 2 Supplement to ED208 *Hedge Accounting* (agenda paper 9.4);
- (e) Slides: IFRS 9: Classification and Measurement Update (tabled agenda paper 9.5); and
- (f) Slides: IFRS 9: Impairment Update (tabled agenda paper 9.6)

The Board received an update on the IASB's project to progressively replace IAS 39 *Financial Instruments: Recognition and Measurement* with IFRS 9 *Financial Instruments* relating to classification and measurement, impairment and hedge accounting.

Hedge Accounting

The Board noted that IASB issued IFRS 9 *Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39* on 19 November 2013.

The Board tentatively decided to issue amendments to AASB 9 and consequential amendments to other Australian Accounting Standards reflecting the IASB's amendments, to be mandatorily effective for annual periods beginning on or after 1 January 2017 with early application permitted. Even though the IASB had not specified an operative date, the inclusion of a mandatory effective date for the amendments is considered



necessary for legislative reasons in Australia. That date may need to be revised if the IASB subsequently requires a later date.

Board members will vote on the amendments by the end of December.

The Board also noted that the most recent IASB work plan identifies that the IASB is targeting issuance of its Discussion Paper on Macro Hedge Accounting in Q1 of 2014.

Tier 2 Disclosure Requirements for Hedge Accounting

The Board considered the submissions on Tier 2 Supplement to ED 208 *Hedge Accounting* and a comparison of the disclosures in ED 208 with the final disclosures issued by the IASB.

The Board noted the usefulness of the submissions in helping its deliberations and decided on the disclosure relief to be provided in the ballot draft standard that will contain the Tier 2 requirements. The AASB decided to exclude paragraphs 21B, 21C, 23A, 23B, 23C(a), 23D, 23E, 24A(b), 24A(d), 24B(a)(ii), 24B(a)(iii), 24B(a)(v), 24B(b)(ii), 24B(b)(iii), 24C(a)(ii), 24C(b)(iii), 24C(b)(v), 24D-24F, 24G(a), 24G(b), in paragraph 24C(b)(iv), the words following the text "... reclassification adjustment"; and in paragraphs 24A-24C, the text ", in a tabular format," from the Tier 2 reporting requirements.

Those requirements will be issued concurrently with the amendments to AASB 9 and the consequential amendments to other Standards.

Classification and Measurement, and Impairment

The Board received an update on the IASB and FASB October and November 2013 meetings in relation to the amendments proposed in IASB ED/2012/4 *Classification and Measurement: Limited Amendments to IFRS 9* and FASB Proposed Accounting Standards Update *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The Board also received an update on IASB redeliberations on the dual-measurement impairment model proposed in IASB ED/2013/3 *Financial Instruments: Expected Credit Losses*.

Whilst it remains concerned about some aspects of the IASB's proposals in ED/2012/4 and ED/2013/3 (as reflected in its submissions on the IASB EDs) and the tentative decisions made subsequently, the Board decided not to write again to the IASB at this stage. The Board will continue to monitor the project. The most recent IASB work plan identifies that it is targeting issuance of a complete IFRS 9, including amendments on classification and measurement and impairment, in the first half of 2014.

Action:	Staff
	Board Members

Leases

Agenda Item 10

The Board had before it:

- (a) a memorandum from Nikole Gyles dated 26 November 2013 re Leases - Project Update (agenda paper 10.1);



- (b) a memorandum from Nikole Gyles dated 10 December 2013 re Leases - Project Update (agenda paper 10.1.1);
- (c) a memorandum from Shaun Steenkamp and Nikole Gyles dated 26 November 2013 re Tier 2 Leases Comment Letter Analysis (agenda paper 10.2);
- (d) Tier 2 Supplement to ED242: Comment Letter Analysis (agenda paper 10.2.1); and
- (e) Comment letters received in response to Tier 2 Supplement to ED 242 [subs1-3] (agenda paper 10.2.2).

The Board received an update on recent tentative decisions made by the IASB and the FASB in their joint project to develop a Standard on leases. The Board did not consider that there were any issues to be raised with the IASB regarding those tentative decisions at this stage.

The Board also considered submissions received on Tier 2 Supplement to ED 242 *Leases* with a view to tentatively finalising Tier 2 reduced disclosure requirements, subject to any substantive changes made by the IASB to the disclosure requirements in IASB ED/2013/6 *Leases*. On that basis, the Board tentatively decided to exclude paragraphs 61, 62, 64, 65, 67, the words 'in a tabular format' of paragraph 101, paragraphs 101(a), 103-107 and paragraph 109 from the Tier 2 disclosure requirements.

The Board expressed appreciation for the input provided in the submissions received.

Action:

Staff

Revenue based projects

Agenda Item 11

The Board had before it:

- (a) a memorandum from Christina Ng dated 26 November 2013 re: the progress of the Revenue based projects (agenda paper 11.1);
- (b) a memorandum from Christina Ng dated 26 November 2013 re: progress of the AASB Service Concession Arrangements: Grantor project (agenda paper 11.2); and
- (c) tabled PowerPoint slides re: summary of key decisions from the IASB and FASB October 2013 meeting on Revenue from Contracts with Customers.

The Board received an update on the progress made by the IASB and the FASB on their joint Revenue from Contracts with Customers project. In particular, the Board noted that at their joint October 2013 meeting the IASB and the FASB have completed their redeliberations of the revenue project. Further, the Board noted that a ballot draft of the Standard is underway and the most recent IASB work plan identifies that the IASB is targeting completion of the Standard in Q1 of 2014.

In addition, the Board noted project plans for the AASB's projects that relate to the IASB and the FASB's joint revenue project, that is, the Income from Transactions of Not-for-profit Entities and Service Concession Arrangements (from the grantor's perspective) projects.



International Meetings

Agenda Item 12

The Board had before it:

- (a) 5th AOSSG Agenda, 27-28 November 2013 (tabled agenda paper 12.1); and
- (b) Accounting Standards Advisory Forum Agenda 5-6 December 2013 (tabled agenda paper 12.2).

Asian-Oceanian Standard-Setters Group (AOSSG)

The Board received a verbal report on the Annual AOSSG Meeting held on 27-28 November 2013 in Sri Lanka at which the AASB was represented. The Board noted:

- (a) the meeting was attended by 17 member standard-setters, 4 IASB members (including the Chairman), IASB staff, and IFRS Foundation staff;
- (b) the meeting discussed key matters arising from the IASB Conceptual Framework, Insurance Contracts, Financial Instruments (Australia led the discussion), Rate-regulated Activities, Revenue from Contracts with Customers, Leases, Agriculture: Bearer Plants, IFRS 3 *Business Combinations* Post-implementation Review and IFRS for SMEs projects; and
- (c) the meeting noted the AOSSG survey findings on the application of IFRS in the Middle East and North Africa entities.

IASB Accounting Standards Advisory Forum (ASAF)

The Board received a verbal report on the ASAF Meeting that was held on 5-6 December in London at which the AASB was represented. The Board noted:

- (a) the meeting was attended by ASAF members, eight IASB members (including the Chairman) as well as a number of IASB staff;
- (b) the author of the AASB Research Centre's [Occasional Paper No. 1 Liabilities – the neglected element](#) Warren McGregor led the ASAF discussion of the Paper. ASAF members also presented on Stewardship and Reliability (EFRAG and European Standard Setters) and Profit and loss measurement and OCI (Accounting Standards Board of Japan); and
- (c) other topics, presented by IASB staff for discussion and input from ASAF members included: IFRS 3 *Business Combinations* – Post-implementation review; Rate regulation, and Leases.

IASB Disclosure Initiative

Agenda Item 13

The Board had before it:

- (a) a memorandum from Lisa Panetta dated 26 November 2013 re IASB's Disclosure Initiative: Project Update (agenda paper 13.1);



- (b) AASB Staff Issues Paper IASB's Disclosure Initiative: Project Update – Tentative decisions made by the IASB – October and November 2013 (agenda paper 13.2); and
- (c) AASB Staff Issues Paper IASB's Disclosure Initiative: Disclosure Requirements about an Assessment of Going Concern – Tentative decisions made by the IASB – November 2013 (agenda paper 13.3)

The Board received an update on the recent tentative decisions made by the IASB in its Disclosure Initiative project, including the tentative decisions made by the IASB at its October and November 2013 meetings.

The Board noted the tentative decisions made by the IASB discussed at the October and November 2013 meetings regarding the following proposed amendments to IAS 1 *Presentation of Financial Statements*:

- (a) proposed narrow-scope amendments to IAS 1 addressing:
 - (i) net debt;
 - (ii) subtotals and totals; and
 - (iii) presentation order of notes in the financial statements;
- (b) clarifying the requirements in IAS 1 concerning the current/non-current classification of liabilities; and
- (c) disclosure requirements about an assessment of going concern.

The Board decided to write to the IASB expressing concern regarding the IASB's decision that it is not necessary to clarify the requirements in IAS 1 relating to disclosures about going concern uncertainties. In its letter to the IASB, the Board decided to provide the IASB with examples of disclosures made by entities in Australia in relation to significant uncertainty about going concern and to comment on observed diversity in approach between countries.

The Board agreed that the AASB's letter to the IASB on the IASB's decision relating to disclosures about going concern uncertainties, based on the above decisions, will be finalised through the Chairman.

Action: Staff
Chairman

IPSASB – First-time Adoption of Accrual Basis IPSASs

Agenda Item 14

The Board before it:

- (a) a memorandum from Joanna Spencer dated 26 November 2013 re IPSAS ED 53 *First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)* (agenda paper 14.1);
- (b) AASB Staff Issues Paper on IPSASB Exposure Draft ED 53 *First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)* (agenda paper 14.2);
- (c) IPSASB Exposure Draft ED 53 *First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)* (agenda paper 14.3); and



- (d) IPSASB "At a Glance" re IPSASB Exposure Draft ED 53 *First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)* (agenda paper 14.4).

The Board considered issues in respect of IPSASB ED 53 and decided to make a submission that includes the following points:

- (a) whether a three-year transition period provides sufficient time for a first-time adopter to transition fully to accrual basis IPSASs;
- (b) clarification should be provided as to the assertion a first-time adopter is able to make in its financial statements if that entity fails to transition fully to IPSASs within the transition period;
- (c) the relief concerning the recognition of capitalised borrowing costs when using the alternative method should restrict such recognition until the associated qualifying asset is also recognised; and
- (d) it is not clear how an entity would consolidate a Government Business Enterprise that does not report on IPSASs.

The Board directed staff to draft a submission to the IPSASB ED, which will be finalised through the Chairman.

Action:	Staff
	Chairman

AASB Communications Strategy

Agenda Item 15

The Board had before it Power Point slides on AASB Communications (agenda paper 15.2) [Board only].

The Board discussed aspects of AASB communications, including AASB engagement with constituents and accessibility to AASB materials. No decisions were made.

AASB Policy/Planning

Agenda Item 16

The Board briefly discussed issues relating to AASB Policy/Planning. No decisions were made.

Close of Meeting

The Chairman closed the meeting at 1.00 p.m. on Thursday 12 December 2013.

Approval

Signed by the Chairman as a correct record
this fourteenth day of February 2014