



<b>Project:</b>	<b>Other Business – Public</b>	<b>Meeting:</b>	February 2021 (M179)
<b>Topic:</b>	<b>Cover Memo</b>	<b>Agenda Item:</b>	13.0
		<b>Date of the Agenda Paper:</b>	10 February 2021
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		<b>Decision-Making:</b>	Low
		<b>Project Status:</b>	n/a

## Objective of this paper

- 1 The objective of this paper is to inform the Board about matters under Other Business – Public. No action is required from the Board on these matters except for 13.3.4. Please refer to the tables below for details.

## OTHER BUSINESS – AASB SUBMISSIONS

Paper No.	Title	Staff comment	Board action
13.1.1	IFRS Foundation Consultation Paper on Sustainability Reporting	<a href="#">AASB submission</a> to the IASB was made on 22 December 2020, as approved at the November 2020 Board meeting.	Included for noting only. No action required at this meeting

Paper No.	Title	Staff comment	Board action
13.1.2	IASB DP/2020/1 <i>Business Combinations – Disclosures, Goodwill and Impairment</i>	<a href="#">AASB submission</a> to the IASB was made on 11 December 2020, as approved out of session by a sub-committee of the Board. Furthermore, the AASB comments were also included in the AOSSG submission to the IASB.	Included for noting only. No action required at this meeting
13.1.3	IPSASB Exposure Drafts <ul style="list-style-type: none"> <li>• ED 70 <i>Revenue with Performance Obligations</i></li> <li>• ED 71 <i>Revenue without Performance Obligations</i></li> <li>• ED 72 <i>Transfer Expenses</i></li> </ul>	<a href="#">AASB submission</a> to the IPSASB was made on 29 October 2020, as approved out of session by a subcommittee of the Board.	Included for noting only. No action required at this meeting.

#### OTHER BUSINESS – CORRESPONDENCE

Paper No.	Title	Staff comment	Board action
13.2.1	Submission on AASB Paper: <i>Business Combinations – Disclosures, Discussion Goodwill and Impairment</i>	The AASB received a copy of the CAANZ/CPA submission to the IASB on the Discussion Paper. CAANZ/CPA had previously provided staff with preliminary feedback which was shared with the Board at the November 2020 meeting.  A cover letter for the AASB was included. It noted support for amortisation from their outreach activities. It also contemplated whether a differential approach to accounting for goodwill may be appropriate (e.g. one model for publicly accountable entities and another model for other entities).	No action required.  Staff will continue to monitor the IASB's project.
13.2.2	Meeting notes – IFRS for SME Implementation Group (February 2021)	Refer to agenda paper 13.2.2 for more information.	Included for noting only. No action required at this meeting.

## OTHER BUSINESS – IASB and IFRS IC UPDATES

Paper No.	Title	Staff comment	Board action
13.3.1	IASB and joint IASB-FASB Update November 2020	Staff do not consider there are any matters raise with the IASB in relation to their decisions in their November meeting.	Included for noting only. No action required at this meeting
13.3.2	IASB Update December 2020	Staff do not consider there are any matters raise with the IASB in relation to their decisions in their December meeting.	Included for noting only. No action required at this meeting
13.3.3	IASB Update January 2021	Staff do not consider there are any matters raise with the IASB in relation to their decisions in their December meeting.	Included for noting only. No action required at this meeting
13.3.4	IFRIC Update December 2020	<p>Staff do not consider there are any matters to raise with the IFRIC in relation to their decisions in their December meeting. Refer to agenda item X for discussion of tentative agenda decisions open for comment.</p> <p>However, staff wanted to highlight possible unintended consequences of the amendments made to IAS 1 <i>Presentation of Financial Statements</i> in January 2020 in relation to the classification of liabilities as current or non-current.</p> <p>In brief, the concerns are in particular with case 2 and case 3 of the <a href="#">Classification of Debt with Covenants as Current or Non-current (IAS 1) Tentative Agenda Decision (TAD)</a>, where an entity must classify a debt as current because it does not satisfy a specified covenant as at the reporting date even though under the terms of the agreement, the covenant must only be satisfied at a future date.</p> <p>While the TAD conclusions appear to be supported by the wording in revised paragraph 72A of IAS 1, there are concerns that this could affect entities that have seasonal businesses. For example, they may have purposely agreed that a certain covenant does not need to be satisfied at the reporting date but must be satisfied at a future date. Similarly, some entities may have agreed covenants that slowly increase or decrease over time to encourage the entity, e.g., to improve their working capital ratios. So, while they may not satisfy the ratio at the reporting date, they have the ability and intention to ensure the covenant will be met at the future testing date. There may also be entities that expect to fail an annual covenant, so they seek a waiver from the lender in advance of the reporting date. However, as</p>	<p>IFRIC update included for noting only.</p> <p>However, do Board members agree with the staff recommendation in regard to possible unintended consequences of accounting requirements in IAS 1?</p>

Paper No.	Title	Staff comment	Board action
		<p>the entity will also fail the covenant at the following reporting date it may still need to classify the debt as current at the reporting date.</p> <p>Therefore, the concerns are that paragraph 72A, which was added as part of the deliberation of the proposed amendments and therefore was not exposed, has possible unintended consequences that may go beyond the originally proposed amendments.</p> <p>Staff have performed limited targeted outreach and most stakeholders shared concerns similar to those noted above. <b>Staff recommend further consideration by the IASB may be required however suggest initially discussing the concerns with IASB staff.</b></p>	

#### OTHER BUSINESS – IPSASB REPORT

Item No.	Title	Staff comment	Board action
13.4	IPSASB Report	Report on the December 2020 meeting of the IPSASB.	Note risks and opportunities for the AASB.

#### OTHER BUSINESS – ARTICLES AND NEWS

Paper No.	Title	Content of item	Board action
N/A	<a href="#">IFRS Foundation Trustees announce next steps in response to broad demand for global sustainability standards</a>	<p>The Trustees of the IFRS Foundation reviewed responses to the first three questions in their consultation paper on sustainability reporting. The responses indicate growing and urgent demand to improve the global consistency and comparability in sustainability reporting, as well as strong recognition that urgent steps need to be taken and broad demand for the IFRS Foundation to play a role in this.</p> <p>Given this demand, the Trustees have agreed to undertake further detailed analysis of feedback on the requirements for success and other conditions to be satisfied prior to consideration of whether to establish a new board.</p>	Included for noting only. No action required at this meeting

Paper No.	Title	Content of item	Board action
N/A	<a href="#">IASB Capital Markets Advisory Committee (CMAC) —Call for members</a>	The Capital Markets Advisory Committee (CMAC) is seeking new candidates to join the CMAC from 1 January 2022 for a term of three years, renewable once for a further three years.	Included for noting only. No action required at this meeting
N/A	<a href="#">Chartered Accountants IFRS Survey</a>	The inaugural Chartered Accountants IFRS Survey 2020, which delves into views from more than 700 members around the big new standards (leases, revenue and FI), as well as upcoming projects such as presentation/disclosure and business combinations.	Included for noting only. No action required at this meeting
N/A	<a href="#">How long is the piece of string?</a>	A research study by CA ANZ and the University of Melbourne which discusses descriptive statistics on the level of recognition in financial reports of intangibles, goodwill, and relevant impairment from 2010 to 2020.	Included for noting only. No action required at this meeting

#### OTHER BUSINESS – OTHER

Item No.	Topic	Staff comment	Board action
N/A	Minimum Disclosures in SPFS of Certain For-Profit Private Sector Entities	<p>At the November 2020 meeting, the Board decided to proceed with the proposals in ED 302 <i>Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Certain For-Profit Private Sector Entities</i>. Staff were to prepare a ballot draft of the amending Standard for out-of-session voting. The amending Standard was expected to be issued in December 2020.</p> <p>Prior to preparing the ballot draft, staff identified that it may be necessary to perform a RIS-like process. This is due to concerns raised by stakeholders about the possible costs associated with the ED 302 proposals.</p>	Included for noting only. No action required at this meeting