



<b>Project:</b>	<b>Other Business – Public</b>	<b>Meeting:</b>	June 2021 (M181)
<b>Topic:</b>	<b>Cover Memo</b>	<b>Agenda Item:</b>	18.1
		<b>Date of the Agenda Paper:</b>	7 June 2021
<b>Contact(s):</b>	Tom Liassis <a href="mailto:tliassis@asb.gov.au">tliassis@asb.gov.au</a>  Shachini Dassanayake <a href="mailto:sdassanayake@asb.gov.au">sdassanayake@asb.gov.au</a>	<b>Project Priority:</b>	n/a
		<b>Decision-Making:</b>	n/a
		<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. **Action is required from the Board only on item 18.2 in this memo.** Please refer to the tables below for details.

## Board voting required

Paper No.	Title	Staff comment	Board action
18.2	New IASB Standard – Ballot draft of AASB equivalent for board voting	<p>The IASB issued <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> on 7 May 2021. Staff have prepared a ballot draft of the Australian-equivalent amending Standard, <i>AASB 2021-X Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> for Board member voting in session during the June Board meeting.</p> <p>AASB 2021-X amends AASB 112 <i>Income Taxes</i> to clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time.</p> <p>The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions.</p> <p>The Standard amends AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to Australian Accounting Standards, despite the exemption set out in AASB 112.</p> <p>The AASB issued ED 294 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> in July 2019 with comments due by 18 October 2019. The AASB did not receive any submissions on ED 294 and did not submit a formal comment letter to the IASB.</p> <p>The IASB received submissions from two Australian stakeholders who generally supported the proposals.</p>	<p>Board members are requested to vote at the meeting on AASB 2021-X (See Agenda paper 18.2)</p>

**OTHER BUSINESS (for noting only)****AASB SUBMISSIONS**

<b>Paper No.</b>	<b>Title</b>	<b>Staff comment</b>	<b>Board action</b>
N/A	IASB Request for Information Request for Information – <i>Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities</i>	<a href="#">AASB submission</a> to the IASB was made on 6 May 2021, as approved out of session by the Chair.	Included for noting only. No action required at this meeting.
N/A	IPSASB Request for Information <i>Concessionary Leases and Other Arrangements Similar to Leases</i>	<a href="#">AASB submission</a> to the IPSASB was made on 17 May 2021, as approved out of session by the Chair.	Included for noting only. No action required at this meeting.

**CORRESPONDENCE**

<b>Paper No.</b>	<b>Title</b>	<b>Staff comment</b>	<b>Board action</b>
None			

## IASB AND IFRS IC UPDATES

Paper No.	Title	Staff comment	Board action
18.3	IASB Update March 2021	Staff do not consider there are any matters to raise with the IASB in relation to their decisions in their March meeting.	Included for noting only. No action required at this meeting
18.4	IASB Update April 2021	Staff do not consider there are any matters to raise with the IASB in relation to their decisions in their April meeting.	Included for noting only. No action required at this meeting
18.5	IFRS IC Update April 2021	Staff do not consider there are any matters to raise with the IASB in relation to their decisions in their April meeting.  The IFRS IC April Update includes an addendum regarding the IFRIC's agenda decisions on <i>Attributing Benefit to Periods of Service (IAS 19 Employee Benefits)</i> and <i>Hedging Variability in Cash Flows due to Real Interest Rates (IFRS 9 Financial Instruments)</i> , which concludes the reasons the IFRIC did not add either request to the work plan.	Included for noting only. No action required at this meeting

## IPSASB REPORT

Paper No.	Title	Staff comment	Board action
None			

## ARTICLES AND NEWS

Paper No.	Title	Content of item	Board action
N/A	<a href="#">How to make accounting standards easier to interpret</a>	<p>CPA Australia’s article based on the research <i>Are Accounting Standards Understandable?</i> <a href="#">presented at the 2020 AASB Research Forum</a> suggests that accounting standards are becoming more complex within good reason, and the solution is technology adoption and a multi-modal approach to readability, understandability and actionability:</p> <ul style="list-style-type: none"> <li>• Recent research suggests that accounting standards are growing increasingly complex.</li> <li>• As the business environment evolves and grows more complex, accounting standards have inevitably had to become longer and more involved.</li> <li>• Simplifying the text to boost readability is a good starting point, as is providing resources to enhance understanding and applicability.</li> </ul>	Included for noting only. No action required at this meeting
N/A	<a href="#">AFSL’s face ‘carnage’: Auditor warns on tightened financial reporting framework</a>	This article discusses the effect of AASB 2020-2 on AFSL licensees, noting that they will be required to prepare general purpose financial statements from 1 July 2021.	Included for noting only. No action required at this meeting
N/A	<a href="#">Directors liable for ‘greenwashing’ disclosures</a>	<p>An article in the <i>Financial Review</i> suggests that companies and their directors could be sued for “greenwashing” their commitments to achieve their net zero carbon pledges or emissions reductions targets, according to a legal opinion backed by some of Australia’s top business leaders.</p> <p>This article refers to the AASB <a href="#">publication</a> on Climate Change (issued in 2018) among a few other publications.</p>	Included for noting only. No action required at this meeting
N/A	<a href="#">What do the changes in Australian financial reporting mean for SMEs?</a>	This article discusses if the AASB new tier 2 reporting framework that includes a simplified disclosures standard serves the needs of small and medium-sized enterprises and their stakeholders.	Included for noting only. No action required at this meeting

## OTHER

Paper No.	Topic	Staff comment	Board action
N/A	Research Report 16 <a href="#">Financial reporting by Non-corporate or small entities</a>	<p>This research presents an overview of the academic literature on financial reporting by non-corporate and small entities. The Report's overall objectives is to answer key questions about the coverage of non-corporate and small entities' reports, their users and stakeholder needs, and their compliance and regulatory oversight.</p> <p>Staff will include any relevant research findings into the series of staff papers to assist the Board in forming its preliminary views on detailed reporting aspects of the Not-for-Profit Private Sector Tier 3 reporting requirements.</p>	<p>Included for noting only. No action required at this meeting.</p> <p>Refer to Agenda items 3 and 7</p>
N/A	AASB Staff Paper: <a href="#">Comparison of Narrative Reporting Requirements Applicable to For-Profit Entities</a>	<p>The staff paper examines several aspects of narrative reporting requirements for for-profit entities in Australia and selected overseas jurisdictions through their comparison to the draft disclosure objectives expected to be included in the forthcoming IASB's Exposure Draft on revised IFRS Practice Statement 1 <i>Management Commentary</i> (MCPS) to provide early input into the AASB's consultation on the IASB's proposals.</p>	<p>Included for noting only. No action required at this meeting.</p>