



| | | | |
|--------------------|--|----------------------------------|--------------------|
| Project: | Other Business – Public | Meeting: | August 2022 (M189) |
| Topic: | Cover Memo | Agenda Item: | 9.1 |
| | | Date of the Agenda Paper: | 18 July 2022 |
| Contact(s): | Helena Simkova hsimkova@asb.gov.au Clark Anstis canstis@asb.gov.au | Project Priority: | n/a |
| | | Decision-Making: | None |
| | | Project Status: | 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 any of the items in this memo and has been included for noting only.** Please refer to the tables below for details.

AASB SUBMISSIONS

| Paper No. | Title | Staff comment | Board action |
|-----------|-------|---------------|--------------|
| N/A | | | |

CORRESPONDENCE

| Paper No. | Title | Staff comment | Board action |
|-----------|-------|---------------|--------------|
| N/A | | | |

IASB AND IFRS IC UPDATES

| Paper No. | Title | Staff comment | Board action |
|-----------|--|--|---|
| N/A | IASB Update June 2022 | <p>Staff would like to highlight that at its June meeting the IASB made decisions for the following projects:</p> <p><i>Second Review of the IFRS for SMEs Accounting Standards</i></p> <p>The IASB gave permission to begin the balloting process for the publication of the Exposure Draft. The IASB expects to publish the Exposure Draft in September 2022 and it will remain open for public comment for 180 days.</p> <p><i>Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures</i></p> <p>The IASB decided to proceed with its proposal for a new IFRS Accounting Standard as set out in the Exposure Draft <i>Subsidiaries without Public Accountability: Disclosures</i>.</p> <p><i>Non-current Liabilities with Covenants</i></p> <p>The IASB tentatively decided to defer the effective date of the 2020 amendments (i.e. <i>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>) to a date no earlier than annual reporting periods beginning on or after 1 January 2024.</p> <p>Staff do not consider there are any other matters to raise in relation to the IASB May meeting.</p> | Included for noting only. No action required at this meeting. |
| N/A | IFRIC Update June 2022 | <p>Staff do not consider there are any further matters to raise in relation to IFRIC's agenda decisions.</p> | Included for noting only. No action required at this meeting. |

IPSASB REPORT

| Paper No. | Title | Staff comment | Board action |
|-----------|-----------------------------------|---|---|
| N/A | IPSASB June eNews | <p>Highlights from the June 2022 IPSASB Meeting.</p> <p><i>Transfer Expenses</i></p> <p>The IPSASB confirmed that a transfer provider's enforceable rights in a binding arrangement are an asset that is derecognised as the rights are</p> | Included for noting only. No action required at this meeting. |

| | | | |
|--|--|---|--|
| | | <p>extinguished. For transfers without binding arrangements, the IPSASB decided the transfer expense is recognised when control of the transferred resources is lost.</p> <p><i>Revenue</i></p> <p>The IPSASB confirmed that existing proposals related to the subsequent measurement of non-contractual receivables and disclosure requirements remain appropriate from a principled perspective. IPSASB also confirmed that accounting principles for binding arrangements should be applied to account for capital transfers.</p> <p><i>Measurement</i></p> <p>The IPSASB agreed to continue developing its public sector measurement basis, Current Operational Value (COV), for assets held for their operational capacity and confirmed the core principles of COV and agreed they should be clarified to enhance understandability.</p> <p><i>Conceptual Framework – Phase I</i></p> <p>The IPSASB continued its analysis of assumption price, cost of release and net selling price. The IPSASB considered the approach of the IASB and the broader relevance of these measurement bases to public sector financial reporting and decided not to include these measurement bases in a revised chapter on measurement.</p> <p><i>Other Lease-Type Arrangements</i></p> <p>The IPSASB agreed on the accounting for concessionary leases. For lessees, the IPSASB agreed to measure the right-of-use asset at fair value on initial recognition. For lessors, the IPSASB decided that the current IPSAS guidance is appropriate for concessionary leases.</p> <p><i>ED 78, Property, Plant, and Equipment</i></p> <p>The proposals in ED 78 were supported by respondents. The IPSASB agreed to move forward with the proposals related to the structure of the guidance, characteristics of infrastructure assets, additional disclosure of unrecognised heritage assets, and non-authoritative guidance.</p> | |
|--|--|---|--|

ARTICLES AND NEWS

| Paper No. | Title | Content of item | Board action |
|-----------|---|--|---|
| N/A | ASIC calls for better disclosure of business risks and asset values following financial reports review | ASIC reviewed financial reports of 70 listed entities for the year ended 31 December 2021 which resulted in inquiries related to insufficient disclosure of business risks in the operating and financial review and impairment of assets. | Included for noting only. No action required at this meeting. |
| N/A | FS70 Australian financial services licensee profit and loss statement and balance sheet ASIC - Australian Securities and Investments Commission | Following the removal of Special Purpose Financial Statements (SPFS), the ASIC has updated Form FS70 to set out requirement for AFS Licensees. | Included for noting only. No action required at this meeting. |
| N/A | Post-COVID sustainability push | <i>Acuity</i> published an article about the AASB's project on Sustainability Reporting. | Included for noting only. No action required at this meeting. |
| N/A | Australian and New Zealand Financial Reporting Benchmark 2022 | Australian and New Zealand Financial Reporting Benchmark 2022. | Included for noting only. No action required at this meeting. |
| N/A | Climate related risks are having an impact | New report reveals the impact of climate-related risks on statutory financial statements and auditors' reports. | Included for noting only. No action required at this meeting. |
| N/A | Insights into key audit matters | Joint research into key audit matters (KAMs) reported in Australia in 2021. | Included for noting only. No action required at this meeting. |
| N/A | Australian Charities Report – 8th Edition | Australian Charities Report | Included for noting only. No action required at this meeting. |

DOMESTIC EXPOSURE DRAFTS ISSUED BY THE AASB

| Paper No. | Topic | Staff comment | Board action |
|-----------|-------|---------------|--------------|
| N/A | | | |

OTHER

| Paper No. | Topic | Staff comment | Board action |
|-----------|---|--|--|
| N/A | Amendments to the Fee-related provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) | <p>The Accounting Professional and Ethical Standards Board (APESB) released amendments that strengthen the fee provisions of APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (the Code).</p> <p>The key amendments include:</p> <ul style="list-style-type: none"> • provisions and safeguards to address the threats to independence arising from fees paid by the audit or assurance client; • enhancements to fee dependency on an audit client provisions for both Public Interest Entities (PIE) and non-PIE audit clients; • strengthened provisions and guidance on fee dependency on a referral source that refers multiple audit clients to a firm, an office within the accounting firm, or an individual partner, whereby a pre-issuance review is required to be performed if a 30% revenue threshold and a five-year cumulative time period are met; • improved transparency on fees information for PIE audit clients to assist those charged with governance and the public in forming their views on the firm’s independence; and • a stricter prohibition imposed on the incentivisation of audit partners for selling non-assurance services, either directly or indirectly, to all audit clients of the firm. | <p>Included for noting only. No action required at this meeting.</p> |