



AASB Action Alert

From the Australian Accounting Standards Board

Issue No: 186
16 August 2017

Welcome to the AASB Action Alert

The AASB Board met in public on 15 August 2017. At the meeting the Board made key decisions in relation to:

- [Licences](#)
- [Australian Financial Reporting Framework – Draft Research Report on Charities](#)
- [Australian Financial Reporting Framework – Draft Consultation Paper on Charities](#)
- [Reduced Disclosure Requirements](#)
- [For-Profit and Not-for-Profit Standard-Setting Frameworks](#)

The Board also discussed the following topics:

- [Presentation – Update on ACNC Activities](#)
- [Presentation – Update on EFRAG Activities](#)

Licences

The Board decided licence arrangements of not-for-profit public sector entities in substance have features that distinguish them from other arrangements, such as taxes (as defined in AASB 1058 *Income of Not-for-Profit Entities*). Those features, including that licences are discretionary and create certain kinds of rights for a licensee, are useful for delineating the scope of the project.

The Board also clarified the accounting standards ‘gap’ in respect of licence arrangements by identifying licence types not adequately addressed by current AASB Accounting Standards. Based on examples and analysis of the AASB Standards that could apply, the Board decided that licences that do not fall within AASB 1059 *Service Concession Arrangements: Grantors* or AASB 16 *Leases* should be subject to the principles of AASB 15 *Revenue from Contracts with Customers*, with additional guidance.

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An issues paper to be considered by the Board in a future meeting will address application guidance that could accompany AASB 15 for not-for-profit public sector entities. The paper will also consider any practical implications.

Australian Financial Reporting Framework – Draft Research Report on Charities

Staff provided a progress report on the AASB Research Report on financial reporting requirements for charities. The Board decided the research to date was sufficient as a basis for identifying (a) issues with the current reporting framework in Australia for charities and (b) the findings and implications from the research relevant to improving the reporting framework. Accordingly, the Board decided the Research Report (together with an executive summary) should be published as soon as possible. The Research Report will provide a context for the subsequent Consultation Paper on possible options for improving the financial reporting framework applicable to charities registered with the Australian Charities and Not-for-profits Commission (ACNC), an early draft of which was also discussed by the Board (see below).

Australian Financial Reporting Framework – Draft Consultation Paper on Charities

In relation to the Consultation Paper referred to above, the Board decided:

- (a) the Paper should clearly explain the basis for considering changing the current financial reporting framework for charities and the respective roles of the AASB and regulators in developing a revised framework;
- (b) to issue the Paper to enable adequate input into the legislative review of the ACNC, which is due to commence in December; and
- (c) key stakeholders should be engaged early in the process, with outreach planned jointly with the ACNC to discuss possible options for improving the framework.

The Board and the ACNC Commissioner, Susan Pascoe, agreed the ACNC should have significant input into the Paper.

Reduced Disclosure Requirements

The Board tentatively decided after considering the feedback on Exposure Draft ED 277 *Reduced Disclosure Requirements for Tier 2 Entities* to:

- (a) progress the project in conjunction with the New Zealand Accounting Standards Board;



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- (b) conduct further outreach regarding the key disclosure areas as the base for identifying required disclosures. A wider range of users and preparers of Tier 2 financial statements in the for-profit and not-for-profit sectors will be consulted;
- (c) conduct further outreach regarding the method of presenting the reduced disclosure requirements in AASB Standards, focussing on preparers; and
- (d) consider Specific Matters for Comment 4, 5 and 6 – the approaches to accounting policy requirements, guidance paragraphs and cross-referencing – after a decision is made on the presentation method, as these are directly linked.

For-Profit and Not-for-Profit Standard-Setting Frameworks

The Board decided that after final input from the Financial Reporting Council, the draft policy statements addressing the for-profit and not-for-profit standard-setting frameworks to be applied by the Board in finalising AASB Standards should be published on the website for public comment, with a three-month comment period.

Presentation – Update on ACNC Activities

The ACNC Commissioner, Susan Pascoe, and the Director, Reporting and Red Tape Reduction, Mel Yates, presented an overview of the charities sector, including the ACNC's review of charity financial statements and regulatory arrangements for simplifying the financial reporting requirements of charities registered as incorporated associations in State and Territory jurisdictions.

Presentation – Update on EFRAG Activities

Patricia McBride, Technical Director of the European Financial Reporting Advisory Group (EFRAG), presented an overview of EFRAG's structure and activities, including the European endorsement process for IFRS Standards and EFRAG's proactive work on accounting issues.



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Recently Approved Documents

Since last reported (28 June 2017), the Board has approved the following Standards, Exposure Drafts or other documents:

Date Approved	Document	Effective Date (Standards) Due Date for Submissions (EDs)
14 July 2017	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	1 January 2019
19 July 2017	AASB 17 <i>Insurance Contracts</i>	1 January 2021
19 July 2017	AASB 2017-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 4</i>	1 January 2018
31 July 2017	AASB Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
31 July 2017	AASB 2017-4 <i>Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments</i>	1 January 2019

Documents Open for Comment

The following documents are open for comment. AASB submissions to the IASB, IFRS Interpretations Committee, IFRS Foundation or IPSASB are published on the AASB website.

Originating Organisation	Document	AASB No.	AASB Due Date	Other Organisation Due Date
IASB	Invitation to Comment <i>Request for Comment on IASB Request for Information on Post-implementation Review—IFRS 13 Fair Value Measurement</i>	ITC 36	31 August 2017	22 September 2017
IASB	Invitation to Comment <i>Disclosure Initiative – Principles of Disclosure</i>	ITC 35	4 September 2017	2 October 2017
IASB	Exposure Draft <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	ED 280	18 September 2017	16 October 2017
IPSASB	Consultation Paper <i>Financial Reporting for Heritage in the Public Sector</i>	–	–	30 September 2017
AASB	Invitation to Comment <i>Draft Appendix to the Tax Transparency Code</i>	–	28 February 2018	–



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Upcoming meetings and events

13 September 2017	NZASB meeting
19-22 September 2017	IPSASB meeting
25-26 September 2017	World Standard-Setters conference
26-27 September 2017	IFASS meeting
28 September 2017	ASAF meeting
9-10 October 2017	AASB events with Hans Hoogervorst (IASB Chair)

AASB 2017 Scheduled Board Meeting Dates

10-11 October AASB meeting

At the next Board meeting, it is expected the Board will address the following items:

10-11 October 2017	Insurance contracts (NFP entities)
12-13 December 2017	Australian financial reporting framework
	Public sector licences
	Reduced disclosure requirements