



Subject: Minutes of the 160th meeting of the AASB
Venue: TEQSA offices, Level 14, 530 Collins Street, Melbourne
Time(s): Tuesday, 10 October 2017, from 8:30 a.m. to 3:10 p.m.

All agenda items were discussed in public, except for items 1(a), 1(b), 7, 9 and 10

Attendance

Members	Kris Peach (Chair) Regina Fikkers (Deputy Chair) Mike Blake Kimberley Crook Peter Gibson Andrew Kearnan Carmen Ridley Taryn Rulton Marc Smit Stephen Taylor Megan Wilson
Apologies	John O'Grady (Observer)
<i>In Attendance</i>	
Staff	Clark Anstis Tim Austin (part of meeting) James Barden (part of meeting) Kala Kandiah Justine Keenan (part of meeting) Maggie Man (part of meeting) Janri Pretorius (part of meeting) Danielius Valuckas (part of meeting) Theashen Vandiar (part of meeting) Stella Yun (part of meeting)
Other	Hans Hoogervorst, IASB (Item 6) John Unkovich, Consumer Affairs Victoria (Item 7) Mel Yates, ACNC (Item 7)



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.

Chair's Report

External Meetings

The Chair provided the Board with an update on recent activities including:

- the meeting of the IASB's Accounting Standards Advisory Forum (ASAF);
- the meeting of the International Forum of Accounting Standard-Setters (IFASS); and
- appearance before the Senate Economics References Committee enquiry into corporate tax avoidance.

Minutes and Approvals Out of Session

Agenda Item 2

The Board approved the minutes of the one hundred and fifty-ninth meeting, held on 15 August 2017, after confirming a range of amendments to the draft minutes that had been circulated.

The Board noted the out-of-session approval of consultation documents and Standards.

Not-for-Profit Public Sector Licences

Agenda Item 3

The Board decided that the scope of the ED on accounting for revenue from licences issued by public sector entities will be limited to not-for-profit (NFP) public sector entities. The Board also decided that the ED should include:

- (a) proposals that would require, for intellectual property (IP) licences, the specific requirements/ guidance in AASB 15 *Revenue from Contracts with Customers* on accounting for revenue from IP licences to apply without amendment;
- (b) proposals that would require revenue from non-IP licences to be accounted for in accordance with the general requirements in AASB 15, including the accounting for variable consideration;
- (c) a specific matter for comment asking whether the specific guidance in AASB 15 on accounting for variable consideration from IP licences should also be made applicable to non-IP licences;



- (d) guidance to help entities determine whether a licence is distinct or not distinct from other goods or services in the arrangement (eg licences for quotas of tangible items such as fish are not distinct);
- (e) clarifications to help entities identify performance obligations in non IP licences issued by the public sector, including clarifying that a 'promise' to protect the licensee's rights (ie exclusivity) is not a performance obligation of the licensor but an attribute of the promised licence;
- (f) a specific matter for comment asking whether the proposed amendments to AASB 15 should include practical expedients, consistent with those in AASB 16 *Leases*, to allow up-front revenue recognition for low-value and/or short-term licences;
- (g) guidance in relation to identifying a taxation component of a licence fee; and
- (h) implementation examples to help entities apply the proposed guidance.

Action:

Staff

Board Members

Deferral of Effective Date of Amendments to AASB 10 and AASB 128

Agenda Item 4

The Board decided to further defer through an amending Standard the effective date of amendments made in AASB 2014-10 to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*, to periods beginning on or after 1 January 2022. The Board noted that legal requirements in Australia mean that the amendments cannot be deferred indefinitely (the IASB's approach). The amendments will remain in place so that they can still be adopted early, consistent with the IASB outcome.

Action:

Staff

Board Members

Work Program, Communications Report and International Pronouncements

Agenda Item 5

Work Program

The Board confirmed the proposed work program and approved its publication on the website.

Communications Report

The Board noted the Stakeholder Liaison Communications Highlights Report.

IFRS Practice Statement 2

The Board concluded that additional work on the IASB's IFRS Practice Statement 2 *Making Materiality Judgements* is required to include references to Australian-specific regulations and to extend the examples to



address NFP issues. The Board intends to review a draft Practice Statement or guidance at its December 2017 meeting.

IASB EDs

The Board took the view that it is unlikely to comment to the IASB on the Exposure Drafts ED/2017/5 *Accounting Policies and Accounting Estimates* and ED/2017/6 *Definition of Material*, given the clarifying nature of the proposed amendments, unless significant issues for Australian entities are identified. Feedback from Australian stakeholders would be provided to the IASB staff.

IPSASB ED on Social Benefits

The Board noted that the IPSASB will shortly be issuing Exposure Draft 63 *Social Benefits* for comment by 31 March 2018. The Board decided to formally issue ED 63 in Australia for comment to the Board, to inform the Board in preparing its submission to the IPSASB. The Board is likely to issue an Australian-specific ED as the IPSASB's project concludes.

Action: Staff
Board Members

Presentation – Hans Hoogervorst, Chairman, IASB

Agenda Item 6

The Chairman of the IASB, Hans Hoogervorst, presented an overview of the IASB's activities, including the transition work in support of IFRS 17 *Insurance Contracts*, priority projects such as the various parts of the Disclosure Initiative project and other communication activities, and the potential for the IASB to address broader financial reporting topics.

Australian Financial Reporting Framework – Charities

Agenda Item 7

The Board noted that the draft Research Report comparing financial reporting requirements for charities in Australia and in a range of other countries was close to completion, with publication expected in October.

The Board provided feedback on a draft Consultation Paper to improve the financial reporting framework for charities. The Board noted the Consultation Paper is to assist charities to provide input to the legislative review of the ACNC, commencing 3 December 2017. Accordingly regulators including the ACNC and relevant State regulators will be engaged to participate in the consultation process. The Board is particularly interested in consulting with users of charity financial statements.

Action: Staff
Board Members



Insurance

Agenda Item 8

The Board agreed that the proposed amendments to AASB 17 *Insurance Contracts* to include insurance risk created by statute rather than contract should apply to both for-profit and NFP public sector entities, as insurance-like arrangements arising from statute are sufficiently prevalent in both sectors.

To finalise the Discussion Paper proposals, the Board decided to clarify that:

- (a) in determining whether an arrangement is insurance-like, criteria that are classified as 'mandatory' must be satisfied, but this is not sufficient to conclude that an arrangement is insurance-like (ie the non-mandatory indicators must also be considered); and
- (b) guidance should specify that a public sector entity's risk adjustment for non-financial risk should reflect the specific risk appetite and cost of capital of the entity in line with the general principles of AASB 17, and therefore it may be necessary to consider aspects such as government guarantees supported by taxing powers or monopoly status.

In addition, the Board decided in relation to Australian-specific amendments to AASB 17:

- (a) a project timeline, which includes both a discussion paper and exposure draft, with a view to completing the project by November 2018;
- (b) to include illustrative examples as an appendix to the discussion paper to help entities determine when arrangements are insurance-like;
- (c) to expose in the discussion paper regulatory disclosures currently required in AASB 1038, which were not carried forward when superseded by AASB 17, with a recommendation to not carry forward the disclosures to AASB 1054 *Australian Additional Disclosures*; and
- (d) to do no further work on the interaction between AASB 17 *Insurance Contracts* and AASB 1056 *Superannuation Entities* when a superannuation entity has to consolidate a subsidiary issuing insurance contracts.

Action:

Staff

Board Members

Close of Meeting

The Chair closed the meeting at 3:10 pm on Tuesday, 10 October 2017.



Approval

Signed by the Chair as a correct record,
this Twelfth day of December 2017