



Project:	AASB Agenda Consultation	Meeting:	M180
Topic:	AASB Agenda Consultation process 2021	Agenda Item:	8.0
		Date:	1 April 2021
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		Decision-Making:	High
		Project Status:	Decide the scope of AASB Agenda Consultation 2022-2026

Objective of this paper

- 1 The objective of this agenda item is for the Board to decide the scope of the *AASB Agenda Consultation 2022-2026*, including the approach to current projects and the criteria for the inclusion of potential projects and priorities.

Attachment

- Agenda Paper 8.1 *IASB's Request for Information: Third Agenda Consultation* (in supplementary folder for reference)

Reasons for bringing this paper to the Board

- 2 The [AASB's Due Process Framework](#) requires a formal agenda consultation process to be undertaken at least every five years (para 6(a)). The AASB's previous domestic agenda consultation process was conducted in 2015 as [ITC 34 AASB Agenda Consultation 2017-2019](#), following the IASB's Agenda Consultation process. As such, the *AASB Agenda Consultation* was due in 2020. However, as a result of COVID-19 pandemic, the AASB delayed the domestic agenda consultation to this year.
- 3 At the [February 2021 meeting](#) the AASB decided to undertake a domestic agenda consultation process to request views from constituents on the AASB's work program and its priorities for the period 2022-2026.
- 4 In March 2021 the IASB released a [Request for Information on its Third Agenda Consultation](#) (this is expected to be released in Australia in early April). The *Request for Information* is seeking views on what IASB should prioritise from 2022 to 2026. Comments to the IASB's *Third Agenda Consultation* is due by 27 September 2021.
- 5 The Board decided at the [November 2020](#) and [February 2021](#) meeting to make a AASB submission to the IASB's *Third Agenda Consultation*. While the Agenda consultation process will include a submission to the IASB on the *IASB Third Agenda Consultation*, the primary focus of this paper is the domestic Agenda Consultation process.

Structure

- 6 This Staff Paper is set out as follows:
 - (a) Background (paragraph 7-10)
 - (b) Scope of the *AASB Agenda Consultation 2022-2026* (paragraph 11-24)
 - (c) April-July outreach (paragraph 25)
 - (d) Project timeline and next steps (paragraph 26)

Background

- 7 The purpose of the *AASB Agenda Consultation* is to gather views from constituents on the AASB's work program that are primarily domestic in nature, including issues that constituents think should be given priority by the AASB.
- 8 As part of the AASB domestic agenda consultation, an informal outreach will be undertaken in April-July 2021 for preliminary views. Feedback received will be considered by staff and the Board to decide potential projects for inclusion in the *AASB Invitation to Comment (ITC) on the Agenda Consultation 2022-2026*. The ITC is expected to be issued in Q4 2021 for 120-day comment period.
- 9 Feedback received will provide directional information on how to prioritise the Board's primary activities. In particular, *AASB Agenda Consultation* is expected to focus on obtaining feedback from constituents on the AASB's Work Program that address financial reporting issues related to:
 - (a) public sector entities;
 - (b) not-for-profit entities; and
 - (c) Australian specific issues relating to for-profit entities.
- 10 The current AASB Work Program is full, and there are some projects in the pipeline. As such, at the [March 2021 meeting](#), the Board requested staff to revisit the current AASB Work Program and provide recommendations, so that the Board can form preliminary views on the scope of the *AASB Agenda Consultation 2022-2026* that is aligned with the AASB strategy.

Scope of *AASB Agenda Consultation 2022-2026*

Current active projects

- 11 Considering the AASB Work Program and the expected timeline of finalising the *AASB Agenda Consultation 2022-2026*, many current medium- and high-priority projects (including post-implementation reviews that are required in [Due Process Framework](#)) are expected to have been completed or have made significant progress by the time when the *AASB Agenda Consultation* is finalised in 2022. As such, these projects are not recommended to be included in the *AASB Agenda Consultation* ITC for stakeholder feedback.
- 12 [Appendix A](#) provides details of such projects (as at 1 April 2021):
 - (a) Not-for-profit related projects
 - NFP Private Sector Financial Reporting ([A1](#))
 - Definition of NFP ([A2](#))
 - Insurance Activities in the Public Sector ([A3](#))
 - Conceptual Framework for NFP private sector and public sector ([A4](#))
 - Public sector financial reporting framework ([A5](#))
 - Assessment of IPSAS ([A6](#))

- (b) Non-financial reporting
 - Management commentary ([B1](#))
- (c) Leading and influencing internationally
 - IASB Third Agenda Consultation 2022-2026 ([C1](#))
 - Intangibles reporting ([C2](#))
 - Going concern ([C3](#))
 - Business Combinations under Common Control ([C4](#))
- (d) Maintenance and implementation
 - Audit engagement related disclosures ([D1](#))
 - Implementation issues relating to AASB 1058 *Income of Not-for-Profit Entities* and AASB 1059 *Service concession arrangements: Grantor* ([D2](#))
- (e) Post-implementation Review
 - AASB 1049 *Whole of Government and General Government Sector Reporting* ([E1](#))
 - AASB 1058 *Income of Not-for-profit Entities* ([E2](#))
 - AASB 1059 *Service Concession Arrangements: Grantors* ([E3](#))
 - AASB 10 Appendix E *Consolidated Financial Statements Australian implementation guidance for not-for-profit entities* ([E4](#))
 - AASB 12 Appendix E *Disclosure of Interests in Other Entities Australian implementation guidance for not-for-profit entities* ([E5](#))
 - and any other PIRs of domestic pronouncements in line with [Due Process Framework](#)
- (f) Education
 - AASB 2020-2 *Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities / AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-profit Tier 2 Entities* ([F1](#))

Question for Board members:

Question 1: Do Board members agree with staff recommendation that the above current active projects will not be included in the *AASB Agenda Consultation* ITC for stakeholder feedback?

Current projects – inactive or limited progress

13 Staff recommend that current projects that are inactive or have limited progress will be included in the *AASB Agenda Consultation* ITC for stakeholder feedback. Many of these projects may have limited progress or have been delayed because of the impact of COVID-19 pandemic and other priorities. Some of these projects may be discontinued as circumstances may have changed and that the issues are not warranted to be resolved. As such, feedback received from the *AASB Agenda Consultation* will assist the Board to consider whether the individual projects should be retained in, or withdrawn from, the AASB Work Program. [Appendix B](#) provides a list of such projects and details (as at 1 April 2021):

- (a) For-profit entities
 - Remuneration reporting ([H1](#))
 - Supply chain financing arrangements – Reverse Factoring ([H2](#))
 - Crowd-sourced equity funding ([H3](#))

- CCIV legislative review ([H4](#))
- (b) Not-for-profit entities
 - Definition of fundraising ([J1](#))
 - Long term discount ([J2](#))
- (c) All entities
 - Co-operatives and mutual entities ([K1](#))

Question for Board members:

Question 2: Do Board members agree with staff recommendation that the above current inactive projects will be included in the *AASB Agenda Consultation* ITC for stakeholder feedback?

Additional projects

- 14 The AASB Work Program also involves potentially ongoing work to investigate the scope of projects relating to external reporting that the AASB should address. The AASB has clarified its strategy in a way that would be consistent with the AASB identifying relevant project opportunities outside ‘conventional’ financial reporting (consistent with strategic direction 5). The topics considered by the AASB to date in response to areas where the AASB has received feedback in the past that users are not obtaining adequate information for decision making, or where significant improvement could be made include:
- (a) Sustainability reporting – In September 2020 the IFRS Foundation Trustees issued [Consultation Paper on Sustainability Reporting](#). Consequently, AASB with the FRC and AUASB in December 2020 provided joint comments on the consultation paper. In its [comment letter](#) the AASB acknowledged that there is a demand for global harmonisation and better disclosure in this area of corporate reporting¹. The AASB staff are also currently observers at the Financial Disclosure Committee meetings of Climate Measurement Standard Initiative in Australia. Given the importance of this topic domestically and internationally, staff recommend that the *AASB Agenda Consultation* include sustainability reporting as a potential project area to add to the AASB agenda.
 - (b) Service performance reporting – The AASB initiated the service performance reporting project in 2009 as part of its response to constituents’ concerns that the disclosure required of NFP private entities by existing Australian Accounting Standards has not sufficiently met user needs. As such, the AASB issued in August 2015 [ED 270 Reporting Service Performance Information](#)². At the [December 2016 meeting](#), the Board noted that constituents generally agreed with the proposed objectives and principles of service performance reporting based on the feedback received. Constituents however raised some concerns. The Board decided to continue this project and directed staff to perform further work. As such, in February 2020, AASB published the [AASB Research Report 14: Literature Review: Service Performance Reporting for Not-for-profits](#)³. However, further work on this project was delayed and inactive due to other Board’s priorities and the Covid-19 pandemic. Given that there has been significant progress at other related projects, such as the NFP reporting framework, and the Board has been receiving

¹ https://www.aasb.gov.au/admin/file/content102/c3/JointLettertoIASB_CP_SustainabilityReporting_20201222.pdf

² https://www.aasb.gov.au/admin/file/content105/c9/ACCED270_08-15.pdf

³ https://www.aasb.gov.au/admin/file/content102/c3/AASB_RR14_LitReviewOfSPR.pdf

requests from stakeholders to revisit the service performance reporting project. Further, at the [February 2021 meeting](#), the Board also tentatively decided not to include any service performance reporting proposals in the NFP reporting framework consultation document, subject to clear communication of how it would address this topic and feedback from relevant regulators on the interaction of this decision with their priorities. The Board also reiterated that it considers reporting of service performance information useful to users of the financial statements of NFP private sector entities. As such, staff recommend that this project be included in the upcoming *AASB Agenda Consultation* for stakeholder feedback.

- 15 Further, one of the recommendations of the Parliamentary Joint Committee on [Corporations and Financial Services Regulation of Auditing in Australia: Interim Report](#) is that the Australian Government take appropriate action to make digital financial reporting standard practice in Australia. In responding to such recommendation, staff recommend the *AASB Agenda Consultation* includes a recommendation that the Board initiates projects that would facilitate the development of digital financial reporting practice in Australia, including considering the appropriateness of IFRS Taxonomy. This initiative is consistent with the AASB's strategic direction 6.
- 16 It is important to note that the list of projects provided above is not meant to be exhaustive. The ITC *AASB Agenda Consultation* however will focus on the suggested potential projects to receive stakeholder feedback.

Question for Board members:

Question 3: Do Board members agree with staff recommendations?

Criteria for the inclusion of projects and priorities

- 17 In ITC 34 *AASB Agenda Consultation 2017-2019*, staff included criteria for stakeholders and the Board to consider when determining whether individual projects should be included and prioritised for the AASB Work Program.
- 18 Consistent with ITC 34, staff recommend the following criteria for the inclusion of projects and priorities to be included in the upcoming ITC *AASB Agenda Consultation*:
 - (a) its impact on the Australian and the global economy;
 - (b) the importance of the issue to stakeholders, include:
 - (i) scope of those to whom the issue might apply
 - (ii) the urgency of the matter
 - (iii) the pervasiveness of the issue;
 - (c) interactions with other current or possible projects;
 - (d) the complexity and breadth of the problem to be resolved, and the feasibility of potential solutions being developed;
 - (e) the capacity of the Board and stakeholders to make satisfactory progress on a timely basis;

- (f) the overall balance of the work plan, include the pipeline of standard-setting and research projects; and
- (g) the availability of sufficient resources.

Question for Board members:

Question 4: Do Board members agree with the criteria for the inclusion of projects and priorities of the AASB Work Program?

Question 5: Are there any other factors on which the criteria should include?

AASB Research Program

- 19 Research has an important role to play in facilitating the achievement of the AASB's strategy. The AASB's approach to standard-setting has been informed by research evidence outlined in the [AASB's Evidence-Informed Standard-Setting Framework](#).
- 20 As part of the process of standards-setting, the AASB has been conducting extensive research activities, including publishing [AASB Research Reports](#) and [Staff Papers](#). Research has been continuing to inform the Board's work on reshaping the external reporting framework that meets user needs, and developing standards that maintain and improve the efficiency of Australian capital markets and the accountability of for-profit and not-for profit entities.
- 21 Further, the AASB Research Centre is also expected to be involved in the AASB post-implementation reviews, such as reviewing any relevant research including that by AASB staff and academics.
- 22 Given that the standards-setting and research are inextricably linked, the AASB research program will be expected to incorporate the AASB and IASB Agenda Consultation outcome.
- 23 [Appendix C](#) provides a summary of the current AASB Research Centre work program as at 1 April 2021. Consistent with the standard-setting agenda consultation approach, current research projects that are expected to have been completed or near completion in 2022 will not be included in the scope of the *AASB Agenda Consultation*. The following projects however will be included in the scope of the *AASB Agenda Consultation* to receive stakeholder feedback on research directions:
 - (a) Sustainability reporting
 - (b) Service performance reporting
 - (c) Digital financial reporting.
- 24 Accordingly, staff recommend that the *AASB Agenda Consultation* ITC also include the AASB research program for stakeholder feedback.

Question for Board members:

Question 6: Do Board members agree that the *AASB Agenda Consultation 2022-2026* seeks input on the AASB research program?

April-July 2021 Outreach

25 Outreach will be conducted in April-July 2021 to obtain feedback from various stakeholders. The objective of the outreach is to seek input from stakeholders on the:

- (a) preliminary views of the scope of *AASB Agenda Consultation 2022-2026*; and
- (b) *IASB Agenda Consultation 2022-2026*.

Project timeline and next steps

26 Following is the project timeline and next step:

April - July 2021	Staff to undertake targeted outreach to stakeholders on potential projects for inclusion in agenda consultation ITC (alongside outreach on <i>IASB Third Agenda Consultation</i>)
July 2021	Board to consider draft ITC questions
September 2021	Board to consider any sweep issues Publish ITC for 120-day comment period (comments due mid-January 2022)
Oct – Dec 2021	Outreach events, including: <ul style="list-style-type: none">• Discussion forums• Webcasts• Presentations at conferences / discussion groups• Other targeted outreach meetings / roundtables
February 2022	Summary of feedback received presented to AASB meeting
April 2022	AASB work program recommendations presented to the Board
July 2022	Sweep issues (if needed) Publish Feedback Statement

Question for Board members:

Question 7: Do Board members agree with the project timeline and next steps?

APPENDIX A: Current active projects (as at 1 April 2021)

Ref	Standard-setting Project	Current priority	Remarks	Expected date
Not-for-profit related				
A1	NFP Private Sector Financial Reporting Framework (Domestic)	High	<p>The objective of the project is to develop a reporting framework that is simple, proportionate, consistent, transparent and cost effective for all NFP private sector entities in Australia. Board is deliberating on the development of public consultation papers. This project is consistent with the AASB strategic objective 2.</p> <p>A discussion paper is expected to issue in Q4 2021. Subject to feedback on the discussion paper and any eventual exposure draft, the current project plan aims for the final standard to be issued in 2023.</p>	2023
A2	Definition of NFP	High	<p>The objective of this project is to replace the current definition of NFP entity in Australian accounting standards with the definition used for public benefit entities in New Zealand (but retaining the term NFP entity); and provide guidance to assist an entity that prepares general purpose financial statements (GPFS) to determine whether it is a for-profit entity or an NFP entity for the purpose of applying the accounting standards. This project is consistent with the AASB strategic objective 2.</p> <p>ED 291 <i>Not-for-Profit Entity Definition and Guidance</i> was issued in June 2019. At the April 2020 meeting, the Board decided to consider revising implementation guidance and illustrative examples. At the current stage, the Board is deliberating on the next steps of this project. Subject to the Board's decision, this project is expected to complete in H2 2021.</p>	H2 2021

A3	Insurance Activities in the Public Sector	Medium	<p>Currently, AASB 17 does not apply to NFP public sector entities. In addition, there is an apparent inconsistency in Australia in the application of standards as some Australian public sector entities conducting insurance and insurance-like activities. The AASB and the NZASB have each commenced a project in 2017/2018 to consider expanding the scope of AASB 17/PBE IFRS 17 to include insurance contracts and arrangements that have similar characteristics to insurance contracts in the public sector as well as addressing any public-sector-specific issues. Each Board has issued a public consultation document (AASB Discussion Paper Australian-specific Insurance Issues – Regulatory Disclosures and Public Sector Entities and NZASB Exposure Draft 2018-7 PBE IFRS 17 Insurance Contracts) and have considered respondents’ comments. In 2020, the AASB and NZASB decided to work jointly to progress the project to achieve, as much as possible, a consistent accounting outcome in the public sector in Australia and New Zealand to achieve greater consistency of financial reporting among entities engaging in insurance activities.</p> <p>At the March 2021 meeting, the Board instructed staff to address 8 issues related to the implementation of AASB 17 for the public sector NFP entities for deliberation at future meetings. Subject to the Board’s decision and stakeholder feedback, this project is expected to complete in 2022.</p> <p>This project is consistent with the AASB strategic objective 1.</p>	2022
A4	Conceptual Framework for NFP private sector and public sector	Medium	<p>This project aims to apply the AASB’s Conceptual Framework for Financial Reporting to NFP entities and improve the consistency, comparability, transparency and enforceability of financial reports prepared in accordance with Australian Accounting Standards. This project is consistent with the AASB strategic objective 2.</p> <p>At the June 2020 meeting, the Board approved a project plan to modify the AASB’s Conceptual Framework for Financial Reporting where necessary to address NFP private and public sector considerations in order to apply the Revised Conceptual Framework to NFP entities.</p>	2023

			<p>The project plan has two stages. Stage 1 of the project seeks to amend the Revised Conceptual Framework (RCF) where necessary for the public sector and NFP private sector issues (using the NFP modifications in the existing Conceptual Framework as the starting point), to make the RCF available for these sectors. Stage 2 of this project will explore NFP considerations through research and outreach in order to improve the RCF for NFP entities as a long-term measure.</p> <p>The Board at the current stage is to deliberate the topic to consider interaction with other cross-cutting projects such as NFP FRF project. A working draft exposure draft for Stage 1 amendments is expected to be deliberated in the June 2021 meeting. Subject to the Board’s decisions and stakeholder feedback, and to the interaction with cross-cutting projects, Stage 1 of this project is expected to be completed concurrently with NFP FRF in 2023 with Stage 2 to follow.</p>	
A5	Public sector financial reporting framework	Low	<p>In 2014 the FRC’s Financial Reporting Taskforce published a report <i>Financial Reporting – Issues, Recommendations and Summary of Observations</i> from its investigation into Australia’s financial reporting requirements. The report showed that the financial reporting requirements for all sectors were complex. The Taskforce recommended that a new reporting framework is developed to define appropriate reporting requirements based on an entity’s risk profile and public accountability and the likely users of an entity’s financial reports.</p> <p>In addressing FRC’s recommendations, the Board decided to undertake a project to reform the public sector financial reporting framework (which would be applicable to for-profit and not-for-profit public sector entities other than Whole of Government and General Government Sector). [Note: The Board is currently undergoing a separate project to reform the Not-for-Profit Private Sector Financial Reporting Framework. The project on reforming the For-Profit Private Sector Financial Reporting Framework has been completed in 2020.]</p> <p>In 2018, the Board issued the following publications and have commenced discussion with principal stakeholders on the key findings and draft proposals of these publications:</p>	2022-2023

			<ul style="list-style-type: none"> • Research Report No. 6 – Financial Reporting Requirements Applicable to Australian Public Sector Entities (May 2018); and • Discussion Paper – Improving Financial Reporting for Australian Public Sector (June 2018). <p>In 2019, it was decided that the FRC’s Public Sector Working Group (FRC WG) will lead this project. Depending on the complexity of change and the legislative programs in each jurisdiction, the project is expected to be completed in 2024. The FRC WG will also be managing the Post-implementation Review of AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i>.</p> <p>The Board approved a project plan at the November 2019 meeting. The overall objective of the project is for AASB to work with FRC WG to:</p> <ul style="list-style-type: none"> • clarify and simplify the financial reporting framework for the Australian public sector by developing objective criteria to determine which entities of the Commonwealth and State, Territory and Local Governments should be required to prepare General Purpose Financial Statements (GPFS); and • determining the financial reporting requirements that would apply to the financial statements. <p>AASB staff continues to work with FRC Public Sector WG on this project as part of Future of Financial Reporting in the Public Sector project.</p>	
A6	Assessment of IPSAS	Low	<p>In accordance to The AASB’s Approach to International Public Sector Accounting Standards, the AASB should assess and consider whether to adopt IPSAS when one of the following events occurs:</p> <ul style="list-style-type: none"> (a) IPSAS make substantive progress or changes that the AASB consider would significantly affect its assessment of the factors outlined in paragraph 13 of the policy; or (b) where (a) is not met, 5 years has passed since the last assessment. <p>The most recent project related to the reassessment of IPSAS is the AASB Staff Report published in May 2017 “Australian Accounting Standards Board and</p>	2021-2022

			<p>International Public Sector Accounting Standards Board Pronouncements – A Comparison". Update of this reporting is in progress. As such, a reassessment of IPSAS is due to be undertaken. However, as a result of other Board's priorities and Covid-19 pandemic, the reassessment of IPSAS has been delayed.</p> <p>This project is consistent with the AASB strategic objectives 1, 3 and 4.</p>	
Non-financial reporting				
B1	Management commentary	Medium	<p>The IASB is expected to publish an Exposure Draft of the revised IFRS Practice Statement 1 Management Commentary in April 2021. Staff are currently preparing benchmarking reports to understand how Australian current narrative reporting requirements compare to requirements in some selected jurisdictions. The report also aims to identify the key similarities and differences between the requirements in section 299A of the Corporations Act 2001, the ASIC's Regulatory Guide RG 247 Effective Disclosure in an Operating and Financial Review and the IASB's proposed disclosure objectives. The findings from the report will aim to inform stakeholders and provide input into AASB's responses to the upcoming IASB's exposure draft.</p> <p>This project is consistent with the AASB strategic objectives 3, 5 and 6.</p>	H1 2021
Leading and influencing internationally				
C1	IASB Third Agenda Consultation 2022-2026	Medium	<p>The IASB issued in March 2021 its <i>Third Agenda Consultation 2022-2026</i>. The AASB will conduct outreach to receive stakeholders' feedback. At the November 2020 and February 2021 meeting, the Board decided to make a submission to the <i>IASB Third Agenda Consultation</i>.</p>	Q3 2021
C2	Intangibles reporting	Medium	<p>At the November 2019 meeting, the Board approved a project plan related to intangibles reporting. Consequently, a AASB staff Report / Thought Leadership Paper is currently underway and is expected to be completed in H2 2021. The research report intends to be used as input to the AASB's submission to the <i>IASB</i></p>	H2 2021

			<i>Third Agenda Consultation</i> . This project is consistent with the AASB strategic objective 3.	
C3	Going concern	Medium	<p>The Board at the November 2020 meeting decided to develop a thought-leadership paper addressing the issues and available evidence regarding the adequacy of going concern disclosures currently required by Accounting Standards and the basis of preparation where the going concern assumption is no longer appropriate. The paper also aims to provide recommendations on how the IASB could address the issues identified and Board intends to include the findings in its submission to the <i>IASB Third Agenda Consultation</i>.</p> <p>The thought-leadership paper is expected to be finalised in H2 2021. Subject to the Board's decision, recommendations provided in the thought-leadership paper will be included as part of the AASB's submission to the <i>IASB Third Agenda Consultation</i>.</p> <p>This project is consistent with the AASB strategic objective 3.</p>	H2 2021
C4	Business Combinations under Common Control	Medium	The IASB Discussion Paper DP/2020/2 Business Combinations under Common Control is incorporated in AASB Invitation to Comment ITC 42 Business Combinations under Common Control. The AASB is expecting to receive comments from shareholders by 17 July 2021. The Board intends to consider a draft submission to the IASB at its June 2021 meeting.	Q3 2021
Maintenance and implementation				
D1	Audit engagement related disclosures	Medium	<p>AASB 1054 <i>Australian Additional Disclosures</i> requires entities to disclose the fees paid to their auditors for the audit/review of the financial statements and other services. However, concerns have been raised that the current disclosures requirements are not sufficient.</p> <p>At the March 2021 meeting, the Board directed staff to develop a draft Exposure Draft for the April meeting with proposed revised auditor remuneration disclosures based on the work presented in AASB Research Report 15 Review of</p>	2022-2023

			<p>Auditor Remuneration Disclosure Requirements and other outreach and research activities. Staff are currently liaising with other relevant parties, including AUASB, APESB and ASIC as to the interaction of any AASB proposals and relevant other projects. Staff now expect to bring an update to the Board at its June 2021 meeting.</p> <p>Subject to the Board's decision, the project is expected to be completed in 2022-2023.</p>	
D2	Implementation issues relating to AASB 1058 <i>Income of Not-for-Profit Entities</i> and AASB 1059 <i>Service Concession Arrangements: Grantor</i>	High	<p>Since the implementation of AASB 1058 and AASB 1059, stakeholders have been providing feedback to the AASB on some practical challenges related to the standards. Feedback gathered and significant issues identified will be considered by the Board to determine whether narrow scope amendments to the Standards are warranted. This process is consistent with the AASB strategic objective 1.</p>	2022
Post-implementation Review on Domestic Standards (PIR)				
E1	AASB 1049 <i>Whole of Government and General Government Sector Reporting</i>	High	<p>AASB 1049 was developed as the Board's response to the broad strategic direction from the Financial Reporting Council (FRC) in December 2002 to harmonise Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP). The objective of the FRC direction is to achieve an Australian accounting standard for a single set of Government reports which are auditable, comparable between jurisdictions, and in which the outcome statements are directly comparable with the relevant budget statements. AASB 1049 was implemented in 2009.</p> <p>The PIR will commence in Q2 2021 and is expected to be completed by Q4 2021-Q1 2022.</p>	Q4 2021-2022

E2	AASB 1058 <i>Income of Not-for-profit Entities</i>	High	<p>This Standard establishes principles for not-for-profit entities that apply to:</p> <p>(a) transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and</p> <p>(b) the receipt of volunteer services.</p> <p>If the consideration provided to acquire an asset, including cash, is significantly less than the fair value of that asset, or if no consideration was provided, and the difference is principally to enable the entity to further its objectives, such a transaction is within the scope of this Standard. For example, an entity that receives a cash grant to be used to further its objectives might not have provided any consideration in exchange for that cash. As another example, governments are entitled to non-contractual receivables arising from statutory requirements such as taxes and rates without providing consideration to the other party – those receivables provide income to the government to further its objectives. This Standard addresses the accounting for the income arising from such transactions. This Standard was implemented in 2019. The PIR will commence in 2022.</p>	2022
E3	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	High	<p>This Standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor’s perspective. The Standard is based on International Public Sector Accounting Standard IPSAS 32 <i>Service Concession Arrangements: Grantor</i> and is informed by AASB Interpretation 12 <i>Service Concession Arrangements</i>, which sets out the accounting for the operator in a public-to-private service concession. This Standard was implemented in 2020. The PIR will commence in 2022.</p>	2022
E4	AASB 10 Appendix E <i>Consolidated Financial Statements</i>	High	<p>Based on research findings of implementation issues encountered by NFP entities in applying the notion of control prior to the application of AASB 10, and the nature of many of the issues identified during outreach activity, the Board concluded that the principles in AASB 10 could be applied in a NFP context, albeit using professional judgement, but that certain aspects of those principles</p>	2021-2022

	<i>Australian implementation guidance for not-for-profit entities</i>		and the terminology adopted warranted specific implementation guidance for NFP entities. As such, AASB 10 includes the implementation guidance explaining and illustrating the control principle for the NFP entities. The guidance is an integral part of the Standard and has the same authority as the other parts of the Standard.	
E5	AASB 12 Appendix E <i>Disclosure of Interests in Other Entities Australian implementation guidance for not-for-profit entities</i>	High	While considering NFP issues regarding AASB 10, the Board noted that the definition of 'structured entity' in AASB 12 does not readily translate to a NFP perspective as it focusses on voting or similar rights, which have less significance in general for many NFP entities. The Board decided to include implementation guidance to assist NFP entities in applying this definition. As such, AASB 12 includes the implementation guidance explaining and illustrating the definition of 'structured entity' for the NFP entities. The guidance is an integral part of the Standard and has the same authority as the other parts of the Standard.	2021-2022
Education				
F1	<u>AASB 2020-2 Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</u> <u>AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-</u>	High	The objective of the education session is to provide overview and key matters of the requirements of AASB 2020-2 and AASB 1060. Staff are expecting to deliver such webinars in H2 2021.	H2 2021

	<u><i>for-profit Tier 2 Entities</i></u>			
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APPENDIX B: Current projects – inactive or limited progress (as at 1 April 2021)

Ref	Project	Remarks
For-profit entities		
H1	Remuneration reporting	<p>In May 2017, the Board decided to add remuneration reporting project to its 2017-2019 work program to conduct research and a benchmarking exercise on senior executive remuneration reporting for both the public and private sectors, consistent with its strategy to also explore external reporting topics.</p> <p>Consequently, Warrick van Zyl (University of Western Australia) and Marvin Wee (Australian National University) presented at the March 2018 meeting on their literature review relating to remuneration reporting. A AASB research report "Literature Review: Remunerating Reporting" was also published in February 2019.</p> <p>in November 2019 meeting, the Board approved a project plan on remuneration reporting. The objective of the project is to:</p> <ul style="list-style-type: none"> (i) consider whether the AASB can and should define the disclosure objective for executive remuneration (individual executive remuneration as well as entity strategies regarding such remuneration) in the context of the information needs of users of remuneration reports. This phase will involve the development of a report on international requirements in other jurisdictions across the three sectors which will help develop principles-based disclosure requirements for remuneration reporting of individual key management personnel (KMP) for for-profit (FP), not-for-profit (NFP) and public sectors; (ii) collaborate with other regulatory bodies to develop appropriate requirements for each of the sectors which will improve and streamline the executive remuneration reporting requirements applicable to both public and private FP and NPF entities. <p>Staff are currently finalising a AASB Report, <i>Remuneration reporting: International Benchmarking Report</i>.</p>
H2	Supply chain financing	<p>The AASB has previously received requests to consider issues related to supply chain financing. In 2020 the IFRS Interpretations Committee received a request about the presentation and disclosure of liabilities associated with reverse factoring arrangements. At its December 2020 meeting, the Committee decided not to add these matters to the IASB's work plan because it concluded that the principles and requirements in IFRS Standards provide an</p>

	arrangements - Reverse Factoring	adequate basis for an entity to determine the presentation liabilities that are part of reverse factoring arrangements, the presentation of the related cash flows, and note disclosures. As such, to date, the AASB has limited progress on this project.
H3	Crowd-sourced equity funding	In response to the Australian Government Consultation Paper published in August 2015 " Facilitating crowd-sourced equity funding and reducing compliance costs for small businesses ". At the AASB September 2015 meeting, the Board directed AASB staff to further discuss the financial reporting requirements for such companies with Treasury staff. To date, no further work has been performed on this matter.
H4	CCIV legislative review	The Board at the February 2018 meeting discussed potential financial reporting issues in relation to corporate collective investment vehicles and their sub-funds. Although this topic has been included as one of the items for staff to monitor, no further work has been undertaken.
Not-for-profit entities		
J1	Definition of fundraising	At its August 2016 meeting, the Board considered the feedback received on ITC 34 <i>AASB Agenda Consultation 2017-2019</i> and directed staff to prepare a project plan addressing the definition of 'fundraising' for not-for-profit private sector entities. As a result, a project plan was discussed at the May 2017 meeting. The Board decided to further consult with the ACNC as to whether the Board could assist in improving reporting in response to issues related to differing definitions of 'fundraising' before conducting further work on this project. To date, no further work has been decided by the Board on this matter.
J2	Long term discount	<p>AASB 119 <i>Employee Benefits</i> requires not-for-profit public sector entities to use market yields on government bonds to discount their post-employment benefit obligations. In July 2015 the AASB noted a letter from the Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) expressing concern about the use of a spot discount rate for their defined benefit obligations. The primary concern was that the spot rate is volatile and given the magnitude of defined benefit obligations in the public sector, caused significant volatility in the entity's profit or loss. Furthermore, using a spot rate does not reflect the manner in which these entities manage their defined benefit liabilities.</p> <p>A number of constituents, including HoTARAC, requested that the AASB consider alternative discount rates that would more accurately reflect the manner in which public sector entities manage their defined benefit liabilities. Among the options suggested was an average, or long-term, rate to help reduce volatility. Whatever the chosen rate</p>

		<p>might be, it would be beneficial if that rate could be consistent (or be made consistent) with other long-term liability discounting requirements.</p> <p>Further, as a result of feedback received from the ITC 34 <i>AASB Agenda Consultation 2017-2019</i>, the Board decided at the May 2017 meeting to conduct preliminary research on long-term discount rates and the impact of the volatility of spot discount rates on defined benefit liabilities of the public sector. There is however limited progress due to the impact of other priorities of the Board.</p>
All entities		
K1	Co-operatives and mutual entities	<p>At the May 2017 meeting, the AASB noted a letter received from the Business Council of Co-operatives and Mutuals requestion the Board to consider developing guidance note for co-operatives and mutual enterprises (CMEs) setting out desired standards of reporting, and initiate a project to identify appropriate principles and measures for reporting on the activities that CMEs have undertaken in order to achieve their purpose.</p> <p>As such, the Board at the May 2017 meeting decided to develop guidance for co-operatives and mutual entities to encourage the consistent application of Australian Accounting Standards, and to improve users' understanding of the financial statements. As such, in July 2018 the AASB staff issued FAQ: co-operative and mutual enterprises commentary and FAQs.</p>

APPENDIX C: Current AASB Research Program (as at 1 April 2021)

Ref	Project	Priorities	Remarks	Expected date
Current research projects				
R1	NFP Private Sector Financial Reporting Framework	High	Evidence is required to further understand user needs for NFP financial reports. This project is consistent with the AASB strategic objective 2.	2023
R2	Intangibles Accounting	Medium	A research report is currently underway and will be expected to be completed in H2 2021. The research report intends to be used as input to the AASB's submission to the <i>IASB Third Agenda Consultation</i> . This project is consistent with the AASB strategic objective 3.	H2 2021
R3	Leases – Practical expedients	Medium	<p>A research report is currently underway and will be expected to be completed in H2 2021.</p> <p>The AASB and Malaysian Accounting Standards Board (MASB) are conducting research into the choices made by lessees when transitioning from IAS 17 Leases to IFRS 16 Leases and for the ongoing application of IFRS 16. The purpose of the research project is to identify any relevant lessons that might inform the application of other new and revised IFRS Standards, including the types of choices that should be made available to entities adopting a Standard in order to:</p> <ul style="list-style-type: none"> (a) facilitate the initial adoption of the Standard without undue cost or effort; (b) facilitate the ongoing application of the Standard without undue cost or effort; (b) not disadvantage users of the financial statements. <p>This project is consistent with the AASB strategic objective 3.</p>	2021-2022
R4	Going concern	Medium	A thought-leadership paper is expected to be finalised in H2 2021. Subject to the Board's decision, recommendation provided in the thought-leadership paper will be included as part of the AASB's submission to the <i>IASB Third Agenda Consultation</i> . This project is consistent with the AASB strategic objective 3.	H2 2021

R5	Management commentary	Medium	<p>Staff are currently preparing benchmarking reports to understand how Australian current narrative reporting requirements compare to requirements in some selected jurisdictions. The report also aims to identify the key similarities and differences between the requirements in section 299A of the Corporations Act 2001, the ASIC's Regulatory Guide RG 247 Effective Disclosure in an Operating and Financial Review and the IASB's proposed disclosure objectives. The findings from the report will be provided as part of AASB's responses to the upcoming IASB's exposure draft.</p> <p>This project is consistent with the AASB strategic objectives 3, 5 and 6.</p>	H2 2021
R6	Remuneration reporting	Medium	<p>Staff are currently finalising a AASB Report, <i>Remuneration reporting: International Benchmark Report</i>. The objective of this report is to provide the Board to deliberate whether further work is required on remuneration reporting in Australia.</p>	H2 2021
Post-implementation reviews				
PIR	Domestic PIRs	High	<p>Following are the post-implementation reviews on domestic standards that require research input:</p> <ul style="list-style-type: none"> • AASB 1049 (H2 2021-2022) • AASB 1058 Income of Not-for-Profit Entities (2022) • AASB 1059 Service Concession Arrangements: Grantors (2022) • AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (2024-2025) • AASB 10 Appendix E Consolidated Financial Statements Australian implementation guidance for not-for-profit entities • AASB 12 Appendix E Disclosure of Interests in Other Entities Australian implementation guidance for not-for-profit entities 	2022-2026