



Subject: Minutes of the 158th meeting of the AASB
Venue: TEQSA Offices, Level 14, 530 Collins Street, Melbourne
Time(s): Tuesday, 27 June 2017 from 10:00 a.m. to 5:30 p.m.

All agenda items were discussed in public, except for items 1(a), 9, 10, 11, 12 and 13

Attendance

Members	Kris Peach (Chair) Regina Fickers (Deputy Chair) Kimberley Crook Peter Gibson Andrew Kearnan Carmen Ridley (until 3:30 pm) Taryn Rulton (until 2:15 pm) Marc Smit
Apologies	Mike Blake Carmen Ridley (from 3:30 pm) Taryn Rulton (from 2:15 pm) Stephen Taylor Megan Wilson John O'Grady (Observer)
In Attendance Staff	Garima Ahuja (in part) Clark Anstis Tim Austin (in part) Lisa Cloutter (in part) Chris Gillman (in part) Kala Kandiah Justine Keenan (in part) Shaun Steenkamp (in part) Stella Yun (in part)
Other	Elaine Evans (item 7) Karen Handley (item 7) Edwin Lau (item 3) Paul Ruiz (item 3)



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. At this meeting, Andrew Kearnan declared a particular interest in Insurance (agenda item 3) and Tax Disputes (agenda item 4).

Chair Report

External Meetings

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

- The Board noted the appointment of Professor Ann Tarca to the IASB and formally noted their thanks to her for the important contributions she has made as both a former Board member and the AASB Research Director.
- AASB Roundtables: IASB Discussion Paper DP/2017/1 *Disclosure Initiative – Principles of Disclosure*
- AASB Webinar: AASB 1056 *Superannuation Entities*

Minutes and Approvals Out of Session

Agenda Item 2

Minutes

The Board approved the minutes of the one hundred and fifty-seventh meeting, held on 1-2 May 2017.

Insurance

Agenda Item 3

The Board considered the application of the forthcoming Accounting Standard AASB 17 *Insurance Contracts* to not-for-profit (NFP) entities and tentatively decided that:

- (a) where a NFP entity issues an insurance contract (as defined in AASB 17), the Board's policy of transaction neutrality will apply and the entity would account for that contract using AASB 17;
- (b) the prevalence and magnitude of non-contractual NFP 'insurance-like' arrangements warrants NFP-specific modifications;
- (c) 'insurance-like' arrangements should be accounted for using AASB 17. Such arrangements include those:



- (i) creating obligations to insured parties arising from statutory obligations;
- (ii) where the obligation is managed similarly to an insurance contract as defined in AASB 17, considering, for example:
 - how funding needs are determined, including actuarial assessments of long-term obligations and whether they are calculated so as to replace premium collections;
 - whether the arrangement is managed based on insured risk or social outcomes;
 - whether a separate entity manages the scheme; and
- (d) apart from the necessary modifications to achieve the above, no other NFP-specific modifications should be made to AASB 17.

In developing the amendments noted above, the Board will have regard to the International Public Sector Accounting Standards Board's continuing work on its Social Benefits project. To the extent possible, that work will be incorporated into the NFP-specific amendments.

Action:

Staff

Board Members

Tax Disputes

Agenda Item 4

The Board addressed a request from the Minister for Revenue and Financial Services that the Board consider proposals to amend the Australian Accounting Standards to require entities to disclose details of taxation disputes in financial statements. The Board decided to:

- (a) assess any proposed Australian-specific modifications for for-profit entities regarding the disclosure of tax disputes against the Board's *For-Profit Entity Standard-Setting Framework*, which is currently in draft form;
- (b) liaise with the New Zealand Accounting Standards Board in relation to the development of proposals in this area (if any); and
- (c) conduct outreach with relevant stakeholders to determine the likely users of tax dispute disclosures, the type of information sought by those users, the most appropriate location of such information (whether within or outside financial statements) and constraints faced by preparers in disclosing tax dispute information in financial statements.

Action:

Staff

Board Members



Australian Reporting Framework – NFP Benchmarking Report

Agenda Item 6

The Board noted progress on the staff's NFP benchmarking report "Reporting Requirements for Not-for-Profit Private Sector Entities – An International Comparison" as well as a revised plan for this part of the project. A consultative document will also be developed to facilitate discussions on reporting thresholds and requirements for not-for-profit entities.

Crowd Sourced Equity Funding (CSF)

The Board noted draft legislation to amend the Corporations Act 2001 to extend the CSF regime to proprietary companies and tentatively decided to develop guidance for entities on the type of financial statements required when the legislation is finalised.

Action: Staff
Board Members

Academic Presentation: SME Reporting in Australia

Agenda Item 7

Dr Karen Handley of the University of Newcastle presented a summary of the results of research undertaken in developing the paper "SME Reporting in Australia: Where to Now for Decision-usefulness?" (Karen Handley, Sue Wright and Elaine Evans, forthcoming).

Licences

Agenda Item 8

The Board decided accounting for licences issued by NFP public sector entities and whether proceeds received should give rise to immediate recognition of revenue, or deferral and recognition over time, should be addressed. The Board noted the prevalence and magnitude of divergent accounting practices for non-intellectual property licences. The project will consider:

- (a) the nature of the right created by the licence – whether the licence confers the right to use or access an asset, or confers a right to perform an activity, and whether different accounting treatments are appropriate; and
- (b) whether the scope of AASB 15 *Revenue from Contracts with Customers* should be expanded to encompass licences issued under statute and/or licenses not relating to intellectual property.

Action: Staff
Board Members



Service Concession Arrangements: Grantors

The Board considered implementation guidance relating to the operator being responsible for managing some public services under a Service Concession Arrangement and decided to revise the approach to facility maintenance. The Board plans to vote on the Standard early in July.

Strategy Day Update

Agenda Item 9

Standard-setting frameworks, AASB approach to IPSASs and NZ Protocol

Agenda Item 10

Work Program

Agenda Item 11

Priorities for next meeting

Agenda Item 12

Agenda items 9 – 12 were discussed in camera, no decisions were made.

Close of Meeting

The Chair closed the meeting at 5:30 p.m. on Tuesday, 27 June 2017.

Approval

Signed by the Chair as a correct record
this fifteenth day of August 2017