



Subject: Minutes of the 163rd meeting of the AASB
Venue: TEQSA Executive Board Room,
Tower Level 14, 530 Collins St, Melbourne
Time(s): Friday 23 March 2018 from 10.00 a.m. to 5.35 p.m.

All agenda items except items 1(a), 1(b), 11 and 12 were discussed in public.

Attendance

Members	Kris Peach (Chair) Mike Blake Peter Gibson Ken Liow Carmen Ridley Marc Smit Stephen Taylor Alison White
Apologies	Kimberley Crook Regina Fikkers (Deputy Chair) Taryn Rulton
In Attendance: Staff	Clark Anstis James Barden (part of meeting) Susie Brown (part of meeting) Shachini Dassanayake (part of meeting) Christine Helliard (part of meeting) Neha Juneja (part of meeting) Kala Kandiah Justine Keenan (part of meeting) Maggie Man (part of meeting) Damian Paull (part of meeting) Janri Pretorius (part of meeting) Danielius Valuckas (part of meeting)
AUASB Staff	Roger Simnett (Chair) (part of meeting) Tim Austin (part of meeting)
Other	Yasunobu Kawanishi, ASBJ Atsushi Kogasaka, ASBJ Doug Niven, ASIC John Price, ASIC Warrick van Zyl, University of Western Australia Marvin Wee, Australian National University



Agenda and Chair's Report

Agenda Item 1

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

- Parliamentary Joint Committee on Corporations and Financial Services
- ACNC Legislative Review
- Meeting with the Minister for Revenue and Financial Services
- HoTARAC meeting
- FRC/ASIC Audit Quality meeting
- COAG Energy Council – Resources Policy & Engagement Working Group meeting
- 12th Annual Governance & Remuneration Forum
- ASIC Annual Forum
- NZASB meeting
- Chair accepted an invitation as a Panel Member at the World Congress of Accountants in Sydney, November 2018.
- Chair accepted an invitation to speak at the Intergovernmental Working Group of Experts on ISAR of the United Nations Conference on Trade and Development in Geneva in October 2018.

Apologies, Declarations of Interest, Minutes and Approvals Out of Session

Agenda Item 2

Apologies

Apologies were noted for Kimberley Crook, Regina Fikkers and Taryn Rulton.

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.

Minutes

The Board approved the minutes of the one hundred and sixty second meeting, held on 14 February 2018.

Approvals Out of Session

There were no approvals out of session.



ASIC Update

Agenda Item 3

John Price, Commissioner, and Doug Niven, Senior Executive Leader – Financial Reporting and Audit, updated the Board on the ASIC's regulatory activities related to financial reporting, including the findings from the ASIC surveillance program regarding accounting Standards that might need modification. They noted that requirements in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* regarding disclosure of the impact of new Standards are not effective in practice, and that disclosures regarding the impact of Standards becoming effective for most entities at 1 July 2018 (AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*) are still not being made, despite current implementation efforts. The Board noted ASIC's recommendation that requiring disclosure of the stage of implementation of new Standards might elicit more useful information for users, and will discuss this with the IASB in relation to the Principles of Disclosure project. The ASIC and the Board will consider how to promote jointly the requirements of AASB 108.

The ASIC representatives and the Board also discussed the implications of the forthcoming revised Conceptual Framework for special purpose financial statements.

Action: Chair
Staff

Accounting Standards Board of Japan (ASBJ) Update

Agenda Item 4

The Vice Chairman of the ASBJ, Atsushi Kogasaka, and Board member Yasunobu Kawanishi presented to the Board on the ASBJ's activities and Japanese accounting standards, including the four financial reporting frameworks available to Japanese companies. Topics discussed included IFRS implementation issues (particularly impairment testing), virtual currencies, intangibles (particularly goodwill), business combinations under common control, equity method of accounting and other comprehensive income. The two Boards will continue to liaise and will seek to collaborate on key projects.

Action: Chair
Staff

Key Management Remuneration Reporting – Literature Review

Agenda Item 5

Warrick van Zyl (University of Western Australia) and Marvin Wee (Australian National University) updated the Board on their literature review relating to remuneration reporting. They noted that the literature emphasises the importance of explaining the links between firm strategy and executive remuneration. It also suggests that the reasoning behind the choice of remuneration types and performance metrics is of interest to users, and remuneration reporting requirements could address this.



Australian Financial Reporting Framework – Public Sector

Agenda Item 6

The Board decided that the range of options for improving the financial reporting framework applicable to public sector entities for inclusion in its forthcoming Discussion Paper should include another option that would not require all local governments to prepare Tier 1 general purpose financial statements.

The Board also reviewed a near-final draft Research Report that sets out the current financial reporting requirements for public sector entities in Australia and other major jurisdictions overseas. The Research Report will provide context for the Discussion Paper and will be published shortly.

Action: Staff

Mine Restoration Provisions

Agenda Item 7

The Board discussed disclosure requirements for provisions, and took the view that additional disclosure relating to the measurement methods for provisions such as restoration provisions would improve the usefulness of financial statements. Board members agreed that the matter should be raised with the IASB for consideration as part of the Principles of Disclosure project.

Action: Staff

Social Benefits

Agenda Item 8

The Board approved a submission to the IPSASB on IPSASB Exposure Draft 63 *Social Benefits*. The Board generally supports the Alternative View presented in ED 63 (which would reflect a liability when the obligation arises), rather than the Obligating Event approach proposed in the ED (which would reflect a liability only when all eligibility criteria, including staying alive, are met). The Board is of the view that the basis for the liability as set out in ED 63 is too narrow. However, the Board does not consider that recognition of the full conceptual liability is appropriate, as it is not likely to constitute useful information. The AASB acknowledges practical concerns in recognising a potentially very large liability, without also recognising the right to tax as an asset that would contribute to funding the liability.

As a result, the Board's submission will put forward a range of possibilities for the recognition and measurement of both the liability and the related asset. This approach is intended to suggest a pragmatic solution that could provide useful information in the financial statements about the effects of social benefit schemes. The Board also supports requiring a mandatory long-term financial sustainability report to be presented with the financial statements.

Action: Chair
Staff



Amendments to Standards

Agenda Item 9

The Board made Accounting Standard AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*, effective for annual reporting periods beginning on or after 1 January 2019.

The amendments to AASB 119 *Employee Benefits* will affect entities with defined benefit plans that modify plan requirements, and will clarify how to measure the net defined benefit liability (asset) and related amounts, such as the current service cost, when the modification occurs during a reporting period.

Action: Staff

Work Program and Communications Report

Agenda Item 10

The Board noted the work program and communications report.

Close of Meeting

The Chair closed the meeting at 5.35 p.m. on Friday 23 March 2018.

Approval

Signed by the Chair as a correct record
this tenth day of May 2018