



Project:	Contracts Referencing Nature-dependent Electricity	Meeting:	August 2025 (M214)
Topic:	Amendments to Ballot Draft AASB 2025-X Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures	Agenda Item:	3.4
		Date:	12 August 2025
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		Decision-Making:	High
		Project Status:	Ballot draft for Board voting

Objective of this paper

- 1 The objective of this paper is to provide the Board with revised wording to clarify the transitional relief provisions in Agenda Paper 3.2 Ballot Draft of AASB 2025-X *Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures* **for voting**.

Background

- 2 Following the distribution of the Board papers, staff received feedback from one Board member regarding paragraph 122B(b) in the Ballot Draft. The Board member expressed concern that the wording relating to transitional relief in paragraph 122B(b) was not easy to understand.
- 3 Specifically, it was unclear how the disclosure of quantitative information due to a change in accounting policy required by paragraph 106(b) could arise from applying paragraph 122A, which is only a disclosure requirement.
- 4 The Board member considered that the disclosure requirements in paragraph 106 of AASB 1060, relating to changes in accounting policy, would be triggered by the initial application of the new guidance in paragraphs B2.7–B2.8 of AASB 9 that clarifies the own use criteria in AASB 9; rather than by the application of paragraph 122A of AASB 1060, which is a disclosure requirement.

Staff analysis

- 5 Staff reviewed paragraph 122B and acknowledged that whilst the current drafting remains effective, the reference is indirect and might be challenging to understand. An entity would apply paragraph 122A of AASB 1060 for the first time in the same reporting period when it initially applies the requirements of paragraphs B2.7–B2.8 of AASB 9 (introduced by [AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity](#)). The application of those requirements for the first time would trigger the disclosures under paragraph 106 of AASB 1060.

- 6 Staff agree that this connection may be difficult to understand and therefore propose the following amendments so that the transitional relief is clarified:

122B	In applying For the disclosures required by paragraph 122A, an entity is not required to provide <u>disclose</u> : (a) comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those requirements. and (b)
122C	<u>In the reporting period in which an entity first applies AASB 2025-1 <i>Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity</i>, the entity is not required to disclose</u> the quantitative information that would otherwise be required by paragraph 106(b).
BC12	ED 337 was issued in March 2025, with comments due to the Board by 20 May 2025. The Board did not receive any comment letters on ED 337. The Board decided to proceed with issuing this Standard, with no changes from the proposals in ED 337, <u>except for clarifying the transitional relief provisions</u> .

- 7 Separating the two requirements of paragraph 122B enhances the clarity of the transitional relief and enables inclusion of a specific reference to AASB 2025-1. Paragraph 122C is drafted consistently with the transitional provisions in paragraph 44PP of AASB 7¹ added by AASB 2025-1 that applies to the Tier 1 entities.
- 8 Paragraph BC12 has also been updated to reflect the change made to the draft wording proposed in ED 337 *Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures*.

Staff recommendation

- 9 Staff recommend that AASB members:
- (a) vote to make AASB 2025-X *Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures* with the amendments proposed in paragraph 6 of this staff paper, and
 - (b) approve the accompanying Explanatory Statement.
- 10 If AASB members vote to make the proposed amending Standard and approve the Explanatory Statement, the content of the Standard and the Explanatory Statement will be finalised by replacing “AASB 2025-X” with the next Standard number in the sequence and the various dates formally inserted into the Standard or Explanatory Statement as indicated. The Standard and the Explanatory Statement would then be registered on the Federal Register of Legislation and published on the AASB Standards Portal.

¹ Paragraph 44PP of AASB 7 states:

In the reporting period in which an entity first applies AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity, the entity need not disclose the quantitative information that would otherwise be required by paragraph 28(f) of AASB 108.

Questions to Board members

- Q1: Do Board members have any questions or comments on the amendments to AASB 1060 set out in the Ballot Draft?
- Q2: Do Board members vote in favour of making AASB 2025-X *Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures* with the amendments proposed in paragraph 6 of staff paper 3.4?
- Q3: Do Board members approve the Explanatory Statement accompanying AASB 2025-X *Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures*?