



Project:	n/a	Meeting	November 2020 (M178)
Topic:	Documents open for comment by other organisations	Agenda Item:	8
		Date of the Agenda Paper:	28 October 2020
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		Decision-Making:	Low
		Project Status:	n/a

Objective of this paper

- The objective of this paper is to:
 - inform** the Board about consultative documents already issued or to be issued by other international standard-setting bodies; and
 - ask the Board to **decide** which consultative documents to provide feedback/ comments on.

Reasons for bringing this paper to the Board

- The Board's strategy is to influence the work of the International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) and other relevant international organisations with a goal of having the principles in the Standards issued by these organisations aligned, where relevant and possible.
- Historically, the Board has decided which consultation documents to comment on based on factors such as the relevance and importance of the consultation to the AASB's projects and strategies, the potential impact of the proposals on Australian constituents and the priority of projects as decided by the Board. This agenda paper will assist the Board in prioritising and deciding which consultation documents it should comment on.

Documents currently open for comment

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
IASB	Consultation paper: Sustainability Reporting	September 2020	No	31 December 2020	The consultation paper was published by the IFRS Foundation Trustees in September 2020, to identify demand from stakeholders in the area of sustainability reporting and understand what the IFRS Foundation could do in response to that demand. Staff have recommended the Board comment on the consultation paper – refer to Agenda Item 14 of this meeting for staff analysis and questions to the board.
IASB	Discussion Paper Business Combinations – Disclosures, Goodwill and Impairment	March 2020	Yes	31 December 2020	<p>The Board decided at the March 2020 Board Meeting that the AASB will make a formal submission to the IASB.</p> <p>The AASB have issued the Australia-equivalent of the IASB’s Discussion Paper on <i>Business Combinations, Disclosures, Goodwill and Impairment</i> with a comment period ending 2 October 2020.</p> <p>Staff conducted additional targeted outreach during September and October to obtain further feedback. Refer to agenda item 6 of this meeting for staff analysis.</p>
IPSASB	IPSASB ED 74 <i>IPSAS 5, Borrowing Costs – Non-Authoritative Guidance</i>	October 2020	No	31 March 2021	<p>The Board decided at the September 2020 Board Meeting not to comment on the Exposure Draft.</p> <p>The proposed amendments relate only to non-authoritative material, to add implementation guidance and illustrative examples, for determining the extent to which borrowing costs can be capitalised.</p>

Documents currently open for comment – Tentative Agenda Decisions

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
IFRS Interpretations Committee (IFRIC)	Sale and Leaseback of an Asset in a Single-Asset Entity (IFRS 10 and IFRS 16)	September 2020	N/A	23 Nov 2020	<p>Staff do not recommend that the Board comment to the IFRIC based on the IFRIC’s analysis of the request.</p> <p>Staff consider that the tentative agenda decision, particularly with the illustrative example, provides useful guidance on the application of current Standards.</p> <p>The underlying fact pattern in the request to IFRS IC is:</p> <ul style="list-style-type: none"> • an entity sells its equity interest in a wholly-owned subsidiary, established to hold only one asset with no liabilities, and as a result of the sale, the entity loses control of the subsidiary; • the entity then leases the asset back with payments for the lease at market rates. <p>Other relevant fact pattern includes:</p> <ul style="list-style-type: none"> • the transfer of the asset meets the requirements of sale of goods under IFRS 15 and does not meet the requirement of a sale of business under IFRS 3 <i>Business Combinations</i> <p>The request asked whether the entity in its consolidated financial statements applies the sale and leaseback requirements in IFRS 16.</p> <p>The Committee made a tentative agenda decision not to add this matter to its standard-setting agenda because the principles and requirements in IFRS Standards provide an adequate basis for assessment.</p> <p>The Committee observed that the entity:</p> <ul style="list-style-type: none"> • applies IFRS 10 to account for the loss of control of the subsidiary – derecognise the asset held by the subsidiary

					<p>and recognise the fair value of the consideration received; and</p> <ul style="list-style-type: none"> • applies IFRS 16 sale and lease back requirements to account for the transfer of asset – recognises only the amount of any gain that relates to the rights transferred to the third party.
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Forthcoming international documents for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Expected date of release	Summary
	None expected until end of December 2020		

Forthcoming international documents for comment – decisions already made by the Board at previous meetings

Originating organisation	Document	Expected date of release	Summary
IASB	Business Combinations under Common Control – Discussion paper	November 2020	The Board decided at the April meeting to perform targeted outreach to collect feedback from stakeholders and provide comments to the IASB.
IASB	Lease Liability in a Sale and Leaseback - Exposure Draft	November 2020	The Board decided at the September meeting to provide comments to IASB subject to the submissions received from the stakeholders.
IASB	Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12 – Request for Information	December 2020	The Board decided at the September meeting to hold targeted outreach activities and provide comments to IASB subject to availability of resources.

Questions to the Board

1. Does the Board agree with the above staff recommendations?
2. Does the Board have any other comments on the documents open for comment?