



# AASB Action Alert

From the Australian Accounting Standards Board

Issue No: 226  
13 October 2023

## Welcome to the AASB Action Alert

The AASB Board met in public and in private on 11 October 2023. At the meeting, the Board made key decisions in relation to:

### [Climate-related Financial Disclosure – Exposure Draft](#)

### [Tier 2 – Supplier Finance Arrangements and Lack of Exchangeability](#)

The Board also discussed the following topics:

### [Not-for-Profit Domestic Post-implementation Reviews](#)

### [Post-implementation Review of IFRS 15](#)

## Climate-related Financial Disclosure – Exposure Draft

The Board approved publishing Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* for a 120-day comment period. ED SR1 is expected to be published shortly.

ED SR1 will include three proposed Australian Sustainability Reporting Standards (ASRS Standards):

- (a) [draft] ASRS 1 *General Requirements for Disclosure of Climate-related Financial Information*, which is based on IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*;
- (b) [draft] ASRS 2 *Climate-related Financial Disclosures*, which is based on IFRS S2 *Climate-related Disclosures*; and
- (c) [draft] ASRS 101 *References in Australian Sustainability Reporting Standards*, a draft service Standard to list the relevant versions of any non-legislative documents published in Australia and foreign documents that are referenced in ASRS Standards.

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Further to its decisions at its August 2023 meeting to modify the baseline of IFRS1 and IFRS S2 for the Board's Exposure Draft, the Board decided to propose additional modifications in the [draft] ASRS 1 and [draft] ASRS 2 in the ED, including the following:

- (a) require an entity that determines that there are no material climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects to disclose this fact and explain how it came to this conclusion;
- (b) clarify that the scope of [draft] ASRS 2 is limited to climate-related risks and opportunities related to climate change and does not apply to other climate-related emissions (e.g. ozone depleting emissions) that are not greenhouse gas (GHG) emissions;
- (c) require an entity to convert greenhouse gases into a CO<sub>2</sub> equivalent value using the global warming potential values from the same Intergovernmental Panel on Climate Change assessment report as that applying under the Paris Agreement and the *National Greenhouse and Energy Reporting Act 2007* and related regulations (NGER Scheme legislation);
- (d) require an entity to prioritise applying relevant methodologies in NGER Scheme legislation as the default methodologies for measuring GHG emissions before referring to foreign measurement frameworks;
- (e) permit an entity to disclose Scope 3 GHG emissions measured using data for the immediately preceding reporting period, if reasonable and supportable data related to the current reporting period is not available to the entity at the reporting date without undue cost or effort; and
- (f) require an entity that would be required by the *Corporations Act 2001* to prepare climate-related financial disclosures to:
  - (i) undertake climate resilience assessments against at least two possible future states, one of which must be consistent with the most ambitious global temperature goal set out in the *Climate Change Act 2022* (i.e. 1.5°C above pre-industrial levels); and
  - (ii) disclose its market-based Scope 2 GHG emissions, with transitional relief for the first three annual reporting periods in which the entity applies [draft] ASRS 2.

The Board will review outreach plans of the staff to ensure that both for-profit entities and not-for-profit entities across Australia are given the opportunity to engage on the proposals in the ED.



## **Tier 2 – Supplier Finance Arrangements and Lack of Exchangeability**

The Board decided to issue an Exposure Draft proposing amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* to require Tier 2 entities to disclose information relating to their supplier finance arrangements.

The proposed disclosures would apply to annual periods beginning on or after 1 January 2024, with earlier application permitted.

The Board decided not to require Tier 2 entities to disclose additional information relating to the effects of non-exchangeable currencies on an entity's financial statements. The disclosure requirements added to AASB 121 *The Effects of Changes in Foreign Exchange Rates* by AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability* do not apply to Tier 2 entities.

## **Not-for-Profit Domestic Post-implementation Reviews**

The Board discussed a framework to support an objective and consistent decision-making process when considering stakeholders' feedback and other evidence gathered from post-implementation reviews and the Board's responses.

The Board also noted an overview of feedback received on Invitation to Comment ITC 50 *Post-implementation Review – Income of Not-for-Profit Entities*. The Board will consider the feedback and future actions at a subsequent meeting.

## **Post-implementation Review of IFRS 15**

The Board noted that submissions on the IASB's *Request for Information on Post-implementation Review of IFRS 15 Revenue from Contracts with Customers*, which is incorporated in the Board's Invitation to Comment ITC 53, are due by 27 October. The Board appointed a sub-committee to finalise the Board's submission to the IASB.

## **Recently Approved Documents**

Since last reported (18 September 2023), the Board has approved the following Standards, Exposure Drafts or other proposal documents.



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Date Approved	Document	Effective Date (Standards/Int'ns) or Due Date for Submissions (EDs)
25 September 2023	ED 326 <a href="#">Annual Improvements to Australian Accounting Standards – Volume 11</a>	11 December 2023
9 October 2023	AASB 2023-5 <a href="#">Amendments to Australian Accounting Standards – Lack of Exchangeability</a>	1 January 2025

## Documents Open for Comment

The following documents are open for comment. AASB submissions to the IASB, the ISSB, the IFRS Interpretations Committee, the IFRS Foundation, the IPSASB and other organisations are published on the AASB website.

Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
AASB	ITC 53 <a href="#">Request for Comment on IASB Request for Information on Post-implementation Review of IFRS 15 Revenue from Contracts with Customers</a>	<a href="#">ITC 53</a>	closed	27 October 2023 (IASB)
AASB	ITC 54 <a href="#">Post-implementation Review of AASB 1056 Superannuation Entities and Interpretation 1019 The Superannuation Contributions Surcharge</a>	<a href="#">ITC 54</a>	10 November 2023	–
IFRS IC	Tentative Agenda Decision <a href="#">Payments Contingent on Continued Employment during Handover Periods (IFRS 3)</a>	–	–	20 November 2023
AASB	ED 326 <a href="#">Annual Improvements to Australian Accounting Standards – Volume 11</a>	<a href="#">ED 326</a>	7 November 2023	11 December 2023
IPSASB	<a href="#">IPSASB Strategy and Work Program 2024-2028</a>	–	–	15 February 2023

### AASB Board Future Meeting Dates

29-30 November 2023

### November 2023 AASB meeting

The Board is expected to address the following agenda items:

Not-for-Profit Private Sector Financial Reporting Framework

Post-implementation Review – Income of Not-for-Profit Entities

Subsidiaries without Public Accountability