



Project:	n/a	Meeting	June 2023 (M196)
Topic:	Documents open for comment by other organisations	Agenda Item:	16.1
		Date of the Agenda Paper:	6 June 2023
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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), the International Sustainability Standards Board (ISSB), the 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 deciding which consultation documents it should comment on.
- Appendix A to this paper provides a summary of documents open for comment that the Board has previously decided whether to provide feedback.

IASB and ISSB documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
ISSB	Request for Information Consultation on Agenda Priorities	4 May 2023	N/A	1 Sept 2023	See Agenda Paper 13.1.
ISSB	Exposure Draft Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates	11 May 2023	N/A	9 Aug 2023	See Agenda Paper 14.0.
IASB	Request for Information Post-implementation Review of IFRS 9 Financial Instruments— Impairment	30 May 2023	Yes	27 Sept 2023	<p>The IASB has issued a Request for Information for the post-implementation review of IFRS 9 Impairment requirements. The AASB issued ITC 52 Request for Comment on IASB Request for Information on Post-implementation Review of IFRS 9 Financial Instruments – Impairment on 6 June 2023, with comments due by 18 August.</p> <p>The RFI is seeking information on the following matters:</p> <p>(a) whether the impairment requirements in IFRS 9 result in a more timely recognition of credit losses compared to IAS 39 and address the complexity caused by having multiple impairment models for financial instruments and in an entity providing useful information to users of financial statements about the effect of credit risk on the amount, timing and uncertainty of future cash flows;</p>

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					<p>(b) whether there are fatal flaws, whether the costs of applying are significantly greater than expected/ benefits to users significantly lower than expected and whether the requirements can be applied consistently regarding:</p> <ul style="list-style-type: none"> a. general approach to recognising expected credit losses; b. determining significant increases in credit risk; c. measuring expected credit losses; d. simplified approach for trade and lease receivables; e. purchased or originated credit-impaired financial assets f. applying expected credit losses with other requirements; g. transition requirements; and h. credit risk disclosures; <p>(c) whether there are any other matters that the Board should examine as part of the PIR of the impairment requirements of IFRS 9 and whether there are lessons to be learned from the Board’s approach to developing the requirements in respect of understandability and accessibility.</p> <p>AASB staff as the leader of AOSSG Financial Instruments and Liabilities Working Group has provided preliminary feedback from members (in Australia informed by limited targeted outreach) on behalf of AOSSG member jurisdictions to IASB Accounting Standards Advisory Forum in September 2022. AASB staff will also coordinate AOSSG response to the RFI.</p> <p>Given the significance of AASB 9 to Australian stakeholders, staff recommend performing targeted outreach activities and providing comments to IASB subject to the feedback from stakeholders and the availability of resources.</p> <p>Q1: Do Board members agree with the staff recommendation to</p>

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
					comment to the IASB on the IFRS 9 PIR subject to the feedback from stakeholders and the availability of resources? If not, what do Board members suggest?
IASB	IASB/ED/2023/3 International Tax Reform—Pillar Two Model Rules—Proposed Amendments to the IFRS for SMEs Standard	1 June 2023	N/A	17 July 2023	<p>ED/2023/3 proposes amendments to the income tax section of the <i>IFRS for SMEs Accounting Standard</i> to provide the same relief as the IASB recent amendments to IAS 12 <i>Income Taxes</i> which were issued in May 2023. The proposed relief comes in response to the Organisation for Economic Co-operation and Development’s (OECD) Pillar Two model rules.</p> <p>Although not applicable in Australia, the <i>IFRS for SMEs Accounting Standard</i> was used as the basis to develop the Tier 2 disclosure requirements. For this reason, in considering whether to issue IASB/ED/2023/3 as an Australian Exposure Draft, staff consider that because the <i>IFRSs for SMEs Accounting Standard</i> is not currently in use in Australia it is likely to be of limited interest to Australian stakeholders.</p> <p>However, staff consider that the proposed disclosure amendments are relevant to Australian stakeholders in respect of Tier 2. See Agenda Paper 9.1 for additional discussion about the proposals and staff recommendations in relation to IASB/ED/2023/3.</p>

IFRS Interpretations Committee’s Tentative Agenda Decisions currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
N/A					

Other relevant documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
The International Valuation Standards Council (IVSC)	International Valuation Standards (IVS) Exposure Draft for Consultation (2023)	28 April 2023	28 July 2023	<p>The IVSC has announced the launch of a 3-month public consultation on the proposed changes to International Valuation Standards.</p> <p>Key updates proposed in the ED include:</p> <ul style="list-style-type: none"> (a) a more structured approach aligned with the valuation process; (b) additions or expansions to requirements for data and inputs, valuation models, quality controls, and documentation; (c) reorganisation of certain requirements and information to improve applicability, readability, and flexibility; (d) clarification of roles and responsibilities of parties involved in valuation, such as service organisations and specialists; (e) substantial revisions and enhancements to IVS 500 <i>Financial Instruments</i>. <p>Staff recommend the Board not to comment on the ED, since its focus is on the processes of a valuer or a director of an organisation rather than on accounting or measurement of assets and liabilities in financial statements.</p>

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
				Q2: Do Board members agree with the staff recommendation not to comment on the IVSC ED?
IAASB	Proposed International Standard on Auditing 570 (Revised 202X) Going Concern and Proposed Conforming and Consequential Amendments to Other ISAs	April 2023	24 Aug 2023	<p>The IAASB has released an Exposure Draft on International Standard on Auditing (ISA) 570 (Revised), <i>Going Concern</i>.</p> <p>The key proposed enhancements to the standard that are most likely to impact the work effort of preparers and disclosures in the financial statements include:</p> <ul style="list-style-type: none"> (a) Defining the term “material uncertainty (related to going concern)” and clarifying other terminology. (b) Strengthening requirements for auditors to obtain relevant information and evaluate management’s assessment more thoroughly. (c) Introducing new requirements for auditors to evaluate the intent and ability of third parties to maintain or provide financial support. (d) Increasing transparency in the auditor’s report by: <ul style="list-style-type: none"> (i) providing explicit statements about going concern in all audit reports; and (ii) for audits of financial statements of listed entities, if there are events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern, but do not give rise to a material uncertainty, the auditor is required to reference relevant disclosures in the financial statements. <p>Staff recommend the Board not to comment on the ED, since the AASB has added going concern to its research program and the IASB has decided not to amend the international accounting standard at this stage.</p>
				Q3: Do Board members agree with the staff recommendation not to comment on the IAASB ED?

Forthcoming 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	Expected comment date	Staff recommendation for AASB approach
IASB	Request for Information for the post-implementation review of IFRS 15 <i>Revenue from Contracts with Customers</i>	End of June 2023	End of October 2023	<p>At its May 2023 meeting, the IASB was asked to approve the publication of a Request for Information for the post-implementation review of IFRS 15. Staff understand the RFI will seek information on the following matters:</p> <ul style="list-style-type: none"> (a) their views on IFRS 15 as a whole, including: <ul style="list-style-type: none"> (iii) whether IFRS 15 meets its overall objective; (iv) the clarity and suitability of the core principle of the Standard and the five-step revenue recognition model for making revenue accounting decisions; (v) their suggestions for specific narrow-scope improvements; (b) the importance of retaining convergence between IFRS 15 and the US Financial Accounting Standards Board’s Topic 606 <i>Revenue from Contracts with Customers</i>; (c) any fact patterns in relation to which: <ul style="list-style-type: none"> (i) guidance on identifying performance obligations in a contract is applied inconsistently, leads to outcomes that do not reflect the underlying economic substance, or leads to significant ongoing costs; (ii) guidance on determining the timing of revenue recognition is unclear; (iii) guidance on determining whether an entity is a principal or an agent is unclear or may be applied inconsistently; or (iv) guidance on accounting for licensing is unclear or may be applied inconsistently; (d) evidence of diversity in practice in determining the transaction price; (e) disclosure requirements;

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
				<p>(f) transition requirements; and</p> <p>(g) the application of IFRS 15 alongside other IFRS Accounting Standards.</p> <p>Given the significance of AASB 15 to Australian stakeholders, staff recommend performing targeted outreach activities and providing comments to IASB subject to the availability of resources.</p> <p>Q4: Do Board members agree with the staff recommendation to comment to the IASB on the IFRS 15 PIR subject to the availability of resources? If not, what do Board members suggest?</p>

Appendix A

Current and forthcoming documents open for comment – decisions already made by the Board at previous meetings

Originating organisation	Document	Date of release	Comments due	Summary
IASB	Exposure Draft ED/2023/3 <u>Amendments to the Classification and Measurement of Financial Instruments Proposed amendments to IFRS 9 and IFRS 7</u>	March 2023	19 July 2023	<p>The AASB publicised the Exposure Draft in Australia through <u>Exposure Draft 324</u> <i>Amendments to the Classification and Measurement of Financial Instruments Proposed amendments to AASB 9 and AASB 7</i> in response to feedback received as part of the Post-implementation Review of IFRS 9—Classification and Measurement.</p> <p>At its March 2023 meeting, the Board decided to collect feedback and prepare a submission letter to the IASB.</p> <p>The Board is asked to consider the staff analysis of the feedback received on ED 324 and the draft comment letter to the IASB in agenda item 11 at this meeting.</p>