



Project:	Annual Improvements	Meeting:	AASB 5-6 September 2024 (M208)
Topic:	Ballot Draft AASB 2024-X Amendments Australian Accounting Standards – Annual Improvements Volume 11 for Board Voting	Agenda Item:	4.0
		Date:	20 August 2024
Contact(s):	Helena Simkova hsimkova@asb.gov.au	Project Priority:	Low
		Decision-Making:	High
		Project Status:	Making of AASB 2024-X

Objective of this agenda item

- 1 In July 2024 the IASB issued *Annual Improvements to IFRS Accounting Standards Volume 11*. To assist the Board’s making of the Australian version of the Standard, the objectives of this agenda item are for the Board to:
 - (a) **consider** changes made by IASB to the IFRS Accounting Standards;
 - (b) **consider** a ballot draft of AASB 2024-X *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*, which makes amendments to AASB 1 *First-time Adoption of Australian Accounting Standards*, AASB 7 *Financial Instruments: Disclosures*, ; AASB 9 *Financial Instruments*, AASB 10 *Consolidated Financial Statements* and AASB 107 *Statement of Cash Flows*; and
 - (c) if appropriate, **vote** on whether to make AASB 2024-X an Australian Accounting Standard.

Attachments

Agenda Paper 4.1 Ballot draft version of AASB 2024-X *Annual Improvements to IFRS Accounting Standards Volume 11*

Scope

- 2 On 18 July 2024 the IASB issued *Annual Improvements to IFRS Accounting Standards— Volume 11*. This standard includes clarifications, simplifications, corrections and changes

aimed at improving the consistency of several IFRS Accounting Standards. It does not change the existing principles.

3 The Standard amends the following:

Standard	Change
AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> (July 2015)	Hedge accounting by a first-time adopter. The amendment aligns the wording used in AASB 1 with AASB 9 <i>Financial Instruments</i> . Paragraph B6 of AASB 1 referred to 'conditions' for hedge accounting, whereas Section 6.4 of AASB 9 sets out 'qualifying criteria'.
AASB 7 <i>Financial Instruments: Disclosures</i> (August 2015)	<p>Gain or loss on derecognition. The amendment deletes reference to a deleted paragraph.</p> <p>Disclosure of deferred difference between fair value and transaction price. The Standard amends paragraph IG14 to align the wording with AASB 13.</p> <p>Introduction and credit risk disclosures. The amendment clarifies that the illustrative guidance does not necessarily illustrate all the requirements in the referenced paragraphs of AASB 7.</p>
AASB 9 <i>Financial Instruments</i> (December 2014)	<p>Lessee derecognition of lease liabilities. By adding a reference to paragraph 3.3.3, the amendment clarifies that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss.</p> <p>Transaction price. The amendment addresses a potential confusion as AASB 9 referred to receivables to be initially measured at transaction price, which may be different from the amount determined by using the guidance in AASB 15. The standard amends paragraph 5.1.3 of AASB 9 to replace 'their transaction price (as defined in AASB 15)' with 'the amount determined by applying AASB 15'.</p>
AASB 10 <i>Consolidated Financial Statements</i> (July 2015)	Determination of a 'de facto agent'. The amendment aligns the language used in AASB 10 and clarifies that the relationship described in paragraph B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent (i.e., it is not restricted to the situation described in the paragraph).
AASB 107 <i>Statement of Cash Flows</i> (August 2015)	Cost method. The amendment replaces the term 'cost method' that is no longer defined in IFRS Accounting Standards by the term 'at cost'.

4 As the Standard amends AASB 7, staff considered whether any changes to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2*

Entities are required. However, staff noted that the amendments are not applicable to AASB 1060 as AASB 1060 does not contain the relevant paragraphs.

Due process requirements

- 5 The IASB has its own rigorous due process. As per [Due Process Framework](#), the AASB presumes that where a technical issue is identified as significant enough to make the IASB standard-setting work program, similar problems exist in Australia, and standard-setting action is required. The AASB considers whether there are additional Australian-specific issues that need to be addressed as part of the IASB project. The AASB contributes to the work undertaken by the IASB to research and consider issues and may also bring technical issues to the attention of the IASB.
- 6 For Standards/amendments to Standards issued by the IASB:
 - (a) issue the Standard/amendment unaltered. Ensures for-profit ‘publicly accountable’ entities remain IFRS compliant;
 - (b) modify the Standard/amendment. Options available to the AASB include modifications that are:
 - (i) additional requirements to address Australian-specific issues that do not prevent IFRS compliance for for-profit publicly accountable entities;
 - (ii) changes to the requirements that prevent IFRS compliance for publicly accountable entities; and
 - (iii) changes to the requirements for not-for-profit specific issues; and
 - (iv) not issue the Standard/amendment. Entities are not able to claim IFRS compliance
- 7 The AASB issued ED 326 Annual Improvements to Australian Accounting Standards- Volume 11 in September 2023. We did not receive any comment letters.
- 8 Staff do not consider any amendments to the Standard issued by IASB to be necessary.
- 9 As per [Due Process Framework](#), the AASB reviews the IASB Basis for Conclusions and completes an assessment to ensure that the seven RIS questions are answered and satisfied. Where satisfactory and there are no additional Australian issues that should be addressed, the AASB does not issue a separate Basis for Conclusions.
- 10 The amending standard introduces narrow-scope improvements to accounting standards (clarifications or corrections of minor unintended consequences, oversights or conflicts) and does not change any principles. Therefore, the costs of implementing the Standard are not expected to be significant.

Questions for Board members

Q1: Do Board members have questions?

Q2: Do Board members vote in favour of making AASB 2024-X, as set out in the ballot draft (Agenda Paper 4.1)?