



Subject: Minutes of the 210th meeting of the AASB
Venue: Hilton Hotel, Sydney, and via Videoconference
Held: Thursday, 7 November 2024, 10.30 am – 5.15 pm

All agenda items were discussed in public, except for items 1 and 14.

Attendance

Members
Keith Kendall (Chair)
Stephen Taylor (Deputy Chair)
Carolyn Cordery (via videoconference)
James Grant
Dean Hanlon (part of meeting; via videoconference)
David Holland
Adrian King
Toby Langley
Liza Maimone
Mathew Nelson
Sean Osborn
Moana Overton
Paul Rogers
Caroline Spencer

Apologies
Dean Hanlon (10.30 am – 11.45 am and 3.35 pm – 5.15 pm)

In attendance

Staff
Clark Anstis
Patricia Au
Kimberley Carney
Tom Frick
Fridrich Housa
Kathleen John
Eric Lee (via videoconference)
Ao Li
Sabine Schuhrer
Helena Simkova
Angus Thomson
Hang Tran
Debra Wan (seconded, Deloitte)
Jia Wei
Justin Williams
Abigail Xu
Nayoung Yoon (seconded, Korea Accounting Institute)



Agenda and Chair's Report

Agenda Item 1 – discussed in private

The Chair noted the significant items on the agenda and provided the Board with an update on recent and future activities.

Apologies, Declarations of Interests and Minutes

Agenda Item 2

Apologies

Apologies for parts of the meeting were noted from Dean Hanlon.

Declarations of Interests

Members indicated that they deal with a broad range of financial reporting issues in the normal course of their day-to-day professional responsibilities,. Members have adopted the standing policy in respect of declarations of interests that a specific declaration will be made where there is a particular interest in an issue before the Board.

There were no specific declarations for this meeting.

Minutes

The Board requested changes to the draft minutes of the two hundredth and ninth meeting, held on 20 September 2024, to note the reservations of some Board members in voting to make AASB S2 *Climate-related Disclosures* as a sustainability Standard for Corporations Act purposes – in addition to the reference to the vote against making the Standard by one Board member.

The Board decided to consider a revised version of the minutes for approval at the next meeting.

Approvals Out of Session

The Board noted the out-of-session approval of the following AASB documents since the previous meeting report:

- ED 333 *Equity Method of Accounting*;
- ED 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*; and
- ED 335 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*.



Climate-related and Other Uncertainties in Financial Statements

Agenda Item 3

The Board discussed the proposals in IASB ED/2024/6 *Climate-related and Other Uncertainties in the Financial Statements* (AASB ED 331) and considered the feedback received from stakeholders. The Board noted that illustrative examples could help some entities (particularly smaller entities) to improve their reporting of the effects of climate-related and other uncertainties in the financial statements but was concerned that the examples could become de facto rules.

The Board recommended the following improvements to the illustrative examples proposed by the IASB to accompany the IFRS Accounting Standards:

- (a) Example 1 should explain the reasons why the disclosure of additional information might be required, such as the importance of the assets to the entity's operations;
- (b) Example 2 should provide more details in the fact pattern on the effect of greenhouse gas emissions on the entity's measurement of assets and liabilities, to enhance understanding of the conclusion that additional disclosures would not be required;
- (c) Example 3 should include the effect of the key assumptions on the value in use determination (including asset terminal value) and illustrate the cash flow uncertainty, as well as clarify the accounting implications of emission allowances;
- (d) amend the fact pattern in Example 5 to state that the deferred tax asset is a material asset and better explain the reasons for additional disclosures;
- (e) broaden the fact pattern in Example 6 so that it applies to entities generally, and not just financial institutions, in considering the entity's customers' operations that could be affected by climate-related risks and the entity's credit risk concentrations; and
- (f) extend Example 8 to address whether the same conclusion applies under the requirements of IAS 1 *Presentation of Financial Statements* as under IFRS 18 *Presentation and Disclosure in Financial Statements*.

The Board decided that its submission to the IASB on the Exposure Draft should be finalised out of session by the Chair.

The Board noted that it would be able to consider the IASB's final examples before deciding whether to publish them as attachments to the relevant Standards or in some other form. In the absence of specific AASB publication, the IASB examples would be linked to the AASB website as IASB Supporting Materials.

Action:

Staff

Chair



AASB 1048 *Interpretation of Standards*

Agenda Item 4

The Board voted to make a new principal version of Accounting Standard AASB 1048 *Interpretation of Standards* to update the tables of Interpretations and conceptual framework pronouncements. The effective date of the new version of AASB 1048 is annual reporting periods ending on or after 31 December 2024.

The Board noted that this version lists Interpretations as amended by AASB 18 *Presentation and Disclosure in Financial Statements* – those amendments mainly replace references to AASB 101 *Presentation of Financial Statements* with references to AASB 18 and refer to the new title of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, which was changed to *Basis of Preparation of Financial Statements*. In addition, it also lists Interpretations and the *Conceptual Framework for Financial Reporting* as amended by AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*.

The Board noted that the updating of AASB 1048 is required as a result of the legal consequences of Interpretations and conceptual framework pronouncements as “external documents” (i.e. non-legislative instruments), to give legal effect to amended versions of Interpretations to maintain IFRS compliance under Australian Accounting Standards and to update references in the Standards to conceptual framework pronouncements when they have been amended. Consequently, the Board decided that no specific due process was required prior to voting on whether to make the Standard under the *Corporations Act 2001*.

Action:

Staff

Further Deferral of 2014 Amendments to AASB 10 and AASB 128

Agenda Item 5

The Board voted to make Accounting Standard AASB 2024-4 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*. This Standard further defers the effective date of amendments made in 2014 to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* regarding the equity method of accounting, to annual periods beginning on or after 1 January 2028.

The amendments to AASB 10 and AASB 128 were set out originally in AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. Their existing deferred effective date is annual periods beginning on or after 1 January 2025. Therefore, AASB 2024-4 applies to annual reporting periods beginning on or after 1 January 2025, in order to defer the effective date of the amendments from that date.

The equivalent IFRS amendments continue to be deferred indefinitely but can be applied by an entity. Due to Australian legal requirements, the Board is unable to defer the amendments indefinitely in the same way as the IASB, and so decided to defer the amendments to a new later date to maintain compliance with IFRS



Standards. Entities can apply the amendments early. Consequently, the Board decided that no specific due process was required prior to voting on whether to make the Standard under the *Corporations Act 2001*.

The Board noted that the new effective date of 1 January 2028 is also the date to which the New Zealand Accounting Standards Board has deferred the same amendments under New Zealand Accounting Standards.

Action: Staff

IASB ED Equity Method of Accounting

Agenda Item 6

The Board received a verbal update on feedback received to date from Australian stakeholders on the proposals presented in IASB ED/2024/7 *Equity Method of Accounting* (AASB ED 333), which proposes to revise IAS 28 *Investments in Associates and Joint Ventures*. The comment period for AASB ED 333, which incorporates the IASB ED, closes on 22 November 2024.

As the IASB's comment period closes on 20 January 2025, prior to the next meeting of the Board, the Board delegated to the AASB Chair final approval of the Board's submission on the IASB ED.

Action: Staff
Chair

Climate-related Financial Disclosures – Not-for-Profit Public Sector Entities

Agenda Item 7

The Board discussed IPSASB Sustainability Reporting Standard Exposure Draft SRS ED 1 *Climate-related Disclosures*. The IPSASB developed the ED based on IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. The Board observed the following key differences between the IPSASB SRS ED 1 proposals and AASB S2 *Climate-related Disclosures*:

- (a) IPSASB SRS ED 1 proposes the disclosure of climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity. This implies an objective broader than the objective of AASB S2, which is to require disclosure of information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term; and
- (b) IPSASB SRS ED 1 proposes disclosure of information about the climate-related public policy programs for which an entity is responsible and their outcomes, including climate-related impacts on the economy, environment and people.



The Board noted that these are major differences from the requirements of AASB S2 and took the view that it would be premature for the Board to address such significant matters in the context of its current climate-related disclosure project objective. The Board therefore decided not to comment on the IPSASB ED.

The Board decided to undertake a research project to investigate both the information needs of users of climate-related financial information of not-for-profit public sector entities and guidance that might be needed to assist such entities to apply AASB S2. As part of this project, the Board plans to consider the results of initiatives of governments in Australia to introduce mandatory climate-related disclosures for their public sector entities.

Action:

Staff

AASB Work Plan

Agenda Item 8

The Board noted the draft revised Work Plan, which identifies projects by priority under five general streams: not-for-profit entities, for-profit entities, research and post-implementation review activities, sustainability reporting, and public sector and AASB 18. Board members noted that concise information about the planned or possible timing of the projects would also be useful.

Action:

Staff

Research and Post-implementation Review Activities

Agenda Item 9

The Board noted recent and upcoming Research Centre activities, including:

- (a) the progress of the research projects on the:
 - (i) statement of cash flows and related information;
 - (ii) intangible assets project, which focusses on presentation and disclosures regarding customer relations; and
 - (iii) reporting of carbon offsetting in annual reports;
- (b) the progress of post-implementation reviews (PIRs), including the publication of a feedback statement to complete the PIR on income of not-for-profit entities (see also Invitation to Comment ITC 50) and the resumption of work in respect of the PIR on the not-for-profit topics of control, structured entities, related party disclosures and the basis of preparation of special purpose financial statements (refer to ITC 51);



- (c) the June 2024 Dialogue Series session, which discussed valuation-related matters in financial reporting, and the forthcoming December 2024 session on carbon offsetting disclosures in annual reports; and
- (d) the release of AASB SSRN Working Papers:
 - (i) Working Paper No. 24-04: *Market Reactions to Pronouncements on New Lease Accounting Standard* (Dr Jia Wei, Professor Mark Wilson, Professor Louise Yi and Professor Marvin Wee); and
 - (ii) Working Paper No. 24-05: *Real Effect and Segment Disclosure Policy: Implications for Investment Decision, Cost of Capital and Firm Value* (Dr Cynthia Cai, Dr Viet Nga Cao, Professor Greg Clinch and Matthew Sek).

Action:

Staff

Documents Open for Comment

Agenda Item 10

The Board decided to comment on the following forthcoming consultation documents:

- (a) IASB Exposure Draft *Dynamic Risk Management*;
- (b) IASB Request for Information *Post-implementation Review of IFRS 16 Leases*; and
- (c) ISSB Exposure Draft *Enhancing the SASB Standards*.

The Board decided not to comment on the following IFRS Interpretations Committee consultation documents:

- (a) Tentative Agenda Decision *Guarantees Issued on Obligations of Other Entities*; and
- (b) Tentative Agenda Decision *Recognition of Revenue from Tuition Fees (IFRS 15)*.

Action:

Staff

Other Business – Financial Reporting

Agenda Item 11

The Board noted the updates on recent IASB, IFRS Interpretations Committee, ISSB and IPSASB meetings and other items.

Other Business – Sustainability Reporting

Agenda Item 12

The Board noted the updates on international and jurisdictional sustainability reporting developments.



End-of-Year Acknowledgements

Agenda Item 13

The Chair thanked Board Members and Staff for their contributions throughout the year. The Chair noted in particular a number of major achievements, including the extensive outreach early in 2024 on the exposure draft of Australian Sustainability Reporting Standards and their approval by the Board in September, and the completion of the exposure draft of the proposed Standard for Tier 3 general purpose financial statements of not-for-profit private sector entities.

The Chair and the Board acknowledged the significant contributions of both James Grant and Paul Rogers, who are retiring from the Board at the end of the year after 6 years (two terms) of service.

The Chair also noted the Board's appreciation of the public gallery's continued support and attendance at meetings during the year.

Review of the Meeting

Agenda Item 14 – discussed in private

The Board reviewed the conduct of the meeting.

Close of the Meeting

The Chair closed the meeting at 5.15 pm on 7 November 2024.

Approval of Minutes

Signed by the Chair as a correct record,
this 6th day of March 2025.