

AASB Invitation to Comment

ITC XX

AASB Agenda Consultation 2022–2026

Comments to the AASB by xx February 2022

Draft



Australian Government

**Australian Accounting
Standards Board**

How to Comment on this AASB Invitation to Comment

The AASB is seeking comment by [xx February] 2022.

Formal Submissions

Submissions should be lodged online via the "Current Projects – Open for Comment" page of the AASB website (www.aasb.gov.au/current-projects/open-for-comment) as a PDF document and, if possible, a Word document (for internal use only).

Other Feedback

Other feedback is welcomed and may be provided via the following methods:

E-mail: standard@aaasb.gov.au
Phone: (03) 9617 7600

All submissions on possible, proposed or existing financial reporting requirements, or on the standard-setting process, will be placed on the public record unless the Chair of the AASB agrees to submissions being treated as confidential. The latter will occur only if the public interest warrants such treatment.

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AASB REQUEST FOR COMMENTS

The purpose of this Invitation to Comment (ITC) is to gather views from Australian constituents on the potential projects the Australian Accounting Standards Board (AASB or Board) should be addressing that are primarily domestic in nature. The domestic work program of the AASB addresses accounting and external reporting issues in relation to:

- (a) public sector entities;
- (b) not-for-profit (NFP) entities; and
- (c) Australian specific issues relating to for-profit entities.

This ITC invites stakeholder input to help the Board determine its 2022–2026 work program. In particular, stakeholders are welcome to respond to the following questions:

Inactive projects

- Are there any current inactive project(s) you think should be retained in the AASB 2022–2026 work program?

Potential projects

- Do you agree that the AASB should add the proposed external reporting projects to the work program?
- Are there any other project(s) you think the AASB should include as part of its work plan for 2022–2026? In your response, please include detail of the proposed scope of these projects and take into consideration the AASB’s capacity for additional projects.
- What priority would you give to each of the potential projects – high, medium or low?

Research projects

- Do you agree that the AASB should add the proposed research projects to the work program?
- Are there any other research project(s) you think the AASB should include as part of its work plan for 2022–2026? In your response, please include detail of the proposed scope of these projects and take into consideration the AASB’s capacity for additional projects.
- What priority would you give to each of the potential projects – high, medium or low?

Other comments

- Do you have any further comments on the Board’s activities and work plan?

Feedback is encouraged to include supportive reasons and other relevant information to help the Board determine its work program, including setting priorities and allocating appropriate resources.

Structure of this Invitation to Comment

This document is structured as follows:

[Section 1: Introduction](#)

[Section 2: Standard-setting projects](#)

[Section 3: Research projects](#)

[Section 4: Prioritising projects and next steps](#)

Period of consultation

This ITC is seeking views on the AASB priorities for its work program for the period 2022–2026.

Separate International Accounting Standards Board (IASB) agenda consultation and review

This ITC seeks input on the AASB domestic work program. AASB projects arising from the standard-setting activities of the IASB will be considered after the outcome of the [IASB's Request for Information on Third Agenda Consultation](#) is finalised.

[AASB Invitation to Comment ITC 44 Request for Comment on IASB Request for Information on Third Agenda Consultation](#) was open for comment to the AASB until 16 August 2021, and to the IASB until 27 September 2021.

The Board has been supporting the adoption of International Financial Reporting Standards (IFRS Standards) and ensuring they remain appropriate for the Australian economy. It remains critical that the AASB can influence international development to ensure future accounting standards meet the needs of the Australian economy. The outcome of the IASB's agenda consultation will be considered by the AASB when making decisions about its work program.

Section 1: Introduction

1.1 Objective of this ITC

The AASB conducts its domestic agenda consultation once every five years. The domestic agenda consultation is a formal consultation process held with stakeholders to identify issues that need resolution. It complements the Board's regular consultations with stakeholders to obtain timely feedback on accounting and external reporting problems. This process helps the Board to continue to fulfill its missions and strategic objectives, particularly allocating its limited resources appropriately to address topics that are of the highest priority to its stakeholders.

The AASB adopts IFRS Standards and applies its transaction-neutral policy to standard-setting.¹ Nevertheless, domestic agenda consultation is necessary to identify any domestic accounting and external reporting problems that are not addressed by IFRS-based Standards and should be addressed by the AASB.

The previous AASB domestic agenda consultation process was conducted in 2015 as [ITC 34 AASB Agenda Consultation 2017–2019](#). As a result of feedback received, significant proportion of the Board's resources has been applied to domestic projects in addition to other international projects that stakeholders have identified as high priorities, such as the Australian Financial Reporting Framework project. [Appendix A](#) provides a summary of AASB outputs in the period 2017–2021.

The purpose of this ITC is to gather views from Australian constituents on the projects the AASB should address that are primarily domestic in nature. The AASB domestic work program addresses accounting and external reporting issues in relation to:

- public sector entities;
- not-for-profit (NFP) entities; and
- Australian specific issues relating to for-profit entities.

Your input to this agenda consultation will help the Board determine its 2022–2026 work program to achieve its missions and strategic objectives. See [Appendix B](#) for the AASB's missions and strategic objectives.

¹ Transaction neutrality means that like transactions and events are accounted for in a like manner by all types of entities, reflecting their economic substance, unless there is a justifiable reason not to do so. The [AASB Not-for-Profit Entity Standard-Setting Framework](#) sets out circumstances where it may be appropriate to use a different approach for not-for-profit entities versus for-profit entities.

1.2 Questions for respondents

This section provides the specific questions to gather stakeholder feedback on the AASB 2022–2026 work program. Stakeholders are not required to comment on all questions.

Question 1 – Inactive projects

[Section 2.3](#) and [Table 2](#) provide a summary of inactive projects on which the AASB is seeking stakeholder feedback.

Are there any currently inactive project(s) you think should be retained in the AASB 2022–2026 work program?

To help the Board consider the feedback, please provide reasons that explain your views and other relevant information, including your thoughts on the scope of the project(s) that the AASB should focus on.

Question 2 – Potential projects

[Section 2.4](#) and [Table 3](#) provide an overview of proposed external reporting projects that could be added to the AASB work program:

- [Sustainability reporting](#)
- [Service performance reporting](#)
- [Digital financial reporting](#).

- (a) Do you agree that the AASB should add the proposed external reporting projects to the work program?
- (b) Are there any other project(s) you think the AASB should include as part of its work plan for 2022–2026? In your response, please include detail of the proposed scope of these projects and take into consideration the AASB’s capacity for additional projects.
- (c) What priority would you give to each of the potential projects – high, medium or low?

To help the Board consider the feedback, please provide reasons that explain your views and other relevant information.

Question 3 – Research projects

[Section 3.3](#) proposes several research projects.

- (a) Do you agree that the AASB should add the proposed research projects to the work program?
- (b) Are there any other research project(s) you think the AASB should include as part of its work plan for 2022–2026? In your response, please include detail of the proposed scope of these projects and take into consideration the AASB’s capacity for additional projects.
- (c) What priority would you give to each of the potential projects – high, medium or low?

To help the Board consider the feedback, please provide reasons that explain your views and other relevant information.

Question 4 – Other comments

Do you have any further comments on the Board’s activities and work plan?

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Section 2: Standard-setting projects

2.1 Background

The standards-level activities are those activities that are related to developing, issuing and maintaining accounting standards for all sectors.

Following the Financial Reporting Council's (FRC) broad strategic directions to the AASB, the AASB sets accounting standards that:

- (a) enable 'publicly accountable' private sector entities to maintain IFRS compliance;
- (b) for other entities, use IFRS Standards (where they exist) and the principle of transaction neutrality (modified as necessary), or develop Australian-specific Standards and guidance; and
- (c) harmonise to the extent feasible with Government Finance Statistics requirements – the AASB applies this approach to requirements for Whole of Government and General Government Sector financial statements.

In light of the FRC's strategic directions, the AASB developed its [For-Profit Entity Standard-Setting Framework](#)² and [Not-for-Profit Entity Standard-Setting Framework](#)³ (July 2021), which set out the principles used by the Board to determine the content of Australian Accounting Standards (including Interpretations), including how the AASB uses IFRS Standards issued by the IASB to develop, issue and maintain Australian Accounting Standards for the for-profit and the NFP sectors.

Although the AASB applies IFRS-based Standards to the NFP sector (i.e. public sector and private sector NFP entities), the standards-level activities also include contributing to the technical agenda and processes of the IPSASB⁴ in order to foster the development of International Public Sector Accounting Standards (IPSASs) on the basis that IPSASs are expected, in due course, to become the most relevant and appropriate standards for public sector NFP entities. This approach is consistent with AASB Strategy 3.⁵ [The AASB's Approach to International Public Sector Accounting Standards](#)⁶ sets out:

- (a) the conditions necessary for the AASB to recommend moving from IFRS Standards to IPSAS as the basis for NFP public sector accounting in Australia; and
- (b) the AASB's level of involvement in IPSASB standard-setting processes.

The latest IPSASB work program is available on its [website](#).⁷

The AASB fully supports the Australian Government's rigorous approach to policymaking that ensures standards are well-designed, well-targeted and fit-for-purpose.⁷ As such, the standards-level activities also include conducting post-implementation reviews of standards as required by the [AASB Due Process Framework](#)⁸.

² https://www.aasb.gov.au/admin/file/content102/c3/AASB_FP_StdSetting_Fwk_10-20.pdf

³ https://www.aasb.gov.au/admin/file/content102/c3/AASB_NFP_StdSetting_Fwk_10-20.pdf

⁴ The IPSASB is the international independent board that develops IPSAS. The IPSASB's operations are facilitated by the International Federation of Accountants (IFAC). The objective of the IPSASB is to improve public sector financial reporting worldwide through the development of international accrual-based accounting standards (IPSAS) for use by governments and other public sector entities around the world.

⁵ Actively influence IASB, International Public Sector Accounting Standards Board (IPSASB) standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.

⁶ https://www.aasb.gov.au/admin/file/content102/c3/AASB_Approach_to_IPSAS_10-19.pdf

⁷ See <https://obpr.pmc.gov.au/sites/default/files/2021-06/australian-government-guide-to-regulatory-impact-analysis.pdf>

⁸ https://www.aasb.gov.au/admin/file/content102/c3/AASB_Due_Process_Framework_09-19.pdf

2.2 Current domestic projects

In addition to those IASB-related standard-setting projects, in recent years a significant proportion of the AASB's resources has been allocated to a number of high-priority domestic projects that stakeholders have identified from its previous domestic agenda consultation [ITC 34 AASB Agenda Consultation 2017–2019](#)⁹. For example, as a result of feedback received from ITC 34, the Board has commenced and made significant progress on the for-profit entities reporting framework project.

Further, in recent years, the Board has also added a number of domestic projects that need to be promptly addressed by the work program. For example, as AASB 17 *Insurance Contracts* is effective for annual reporting periods beginning on or after 1 January 2023, the Board is addressing whether it would be appropriate to apply AASB 17 to public sector entities in accordance with the [AASB Not-for-Profit Entity Standard-Setting Framework](#) and its transaction neutrality principle; and, as far as possible, to achieve a consistent accounting outcome in the Australian and New Zealand public sectors. Another major project has been added to the work program after receiving recent stakeholder feedback is the project on identifying implementation issues relating to domestic accounting standards, [AASB 1058 Income of Not-for-Profit Entities](#) and [AASB 1059 Service Concession Arrangements: Grantor](#).

Table 1 below summarises current projects that the Board is committed to addressing (see [Appendix C](#) for further details):

Table 1 Summary of current AASB domestic projects

| Current AASB Domestic Projects | |
|--------------------------------|--|
| 1 | NFP private sector financial reporting framework |
| 2 | Fair value measurement for public sector entities |
| 3 | Insurance activities in the public sector |
| 4 | Conceptual framework for NFP private sector and public sector |
| 5 | Public sector financial reporting framework |
| 6 | Assessment of IPSAS |
| 7 | Audit engagement related disclosures |
| 8 | Implementation issues relating to AASB 1058 Income of Not-for-Profit Entities and AASB 1059 Service Concession Arrangements: Grantor |

The Board is also anticipating a number of post-implementation reviews (PIRs) for a range of domestic standards issued for application in the near future, including:

- [AASB 1058 Income of Not-for-Profit Entities](#)
- [AASB 1059 Service Concession Arrangements: Grantors](#)
- [AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities](#)
- [AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities](#)

⁹ https://www.aasb.gov.au/ADMIN/file/content105/c9/ITC34_11-15.pdf

- [AASB 10 Appendix E Consolidated Financial Statements: Australian implementation guidance for not-for-profit entities](#); and
- [AASB 12 Appendix E Disclosure of Interests in Other Entities: Australian implementation guidance for not-for-profit entities](#).

A significant portion of the 2022–2026 AASB work program will be dedicated to the Board’s commitment of completing some current standard-setting projects and a series of post-implementation reviews of various standards.

2.3 Inactive domestic projects

Many projects were added to the AASB work program after receiving a wide range of stakeholder feedback from the previous agenda consultation.

Since the previous agenda consultation, the Board has been fully utilising its limited resources to focus on high-priority projects, including the Australian Reporting Framework project. As such, there are some projects that have only achieved limited progress since they were added to the work program. As circumstances may have changed over time, the Board is now seeking clarity from stakeholders on whether any of these inactive projects should be retained on the AASB’s work program. Some inactive projects may have been potentially addressed or resolved, and therefore these projects could be removed from the work program. Table 2 below provides a summary and background of inactive projects.

The AASB is seeking your views on whether any of its inactive projects should be retained in the work program.

Table 2 Summary of inactive projects

| Projects | Remarks |
|-----------------------------------|---|
| For-profit sector projects | |
| Remuneration reporting | As part of the previous AASB agenda consultation, stakeholders provided feedback that remuneration reporting is complex; in particular, overlapping information is often disclosed in different parts of the financial reports. At the May 2017 meeting, the Board added remuneration reporting project to its 2017-2019 work program to conduct research and a benchmarking exercise on senior executive remuneration reporting for both the public and private sectors. Warrick van Zyl (University of Western Australia) and Marvin Wee (Australian National University) presented at the March 2018 meeting on their literature review relating to remuneration reporting. A related AASB research report Literature Review: Remunerating Reporting ¹⁰ was also published in February 2019 . |

¹⁰ https://www.aasb.gov.au/admin/file/content102/c3/AASB_RR08_02-19LitReview.pdf

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| | <p>At the November 2019 meeting, the Board approved a project plan on remuneration reporting. The objective of the project is to:</p> <ul style="list-style-type: none"> (a) consider whether the AASB can and should define the disclosure objective for executive remuneration (individual executive remuneration as well as entity strategies regarding such remuneration) in the context of the information needs of users of remuneration reports. This phase will involve the development of a report on international requirements in other jurisdictions across the three sectors which will help develop principles-based disclosure requirements for remuneration reporting of individual key management personnel (KMP) for for-profit, NFP and public sectors; (b) collaborate with other regulatory bodies to develop appropriate requirements for each of the sectors which will improve and streamline the executive remuneration reporting requirements applicable to both public and private for-profit and NFP entities. <p>AASB Report, <i>Remuneration reporting: International Benchmarking Report</i> was published in [XX 2021]. [Note to Board: The report will be published prior to the released of this ITC. This will be updated accordingly.]</p> <p>Since the previous agenda consultation, the Board has also heard that several listed entities managed to 'streamline' their remuneration reporting, which may well have potentially resolved stakeholder concerns on the readability and complexities of remuneration reporting.</p> |
| <p>Supply chain financing arrangements (also called reverse factoring)</p> | <p>The AASB has previously received stakeholder requests to clarify how supply chain financing should be recognised and/or disclosed in the financial statements. In 2020, the IFRS Interpretations Committee received a similar request about the presentation and disclosure of liabilities associated with supply chain financing (or reverse factoring). At its December 2020 meeting, the Committee decided not to add these matters to the IASB's work plan because it concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine the presentation of liabilities that are part of reverse factoring arrangements, the presentation of the related cash flows and note disclosures. As such, the interpretation may well have addressed stakeholder concerns.</p> |
| <p>Crowd-sourced equity funding</p> | <p>An Australian Government Consultation Paper Facilitating crowd-sourced equity funding and reducing compliance costs for small businesses¹¹ was published in August 2015. In responding to the paper at the September 2015 meeting, the Board decided to monitor the progress of the consultation paper. The proposals discussed in the consultation paper were also considered by the Board when developing the Australian Financial Reporting project, which may be</p> |

¹¹ https://www.aasb.gov.au/admin/file/content102/c3/M147_23.3_CP_Crowd-sourced_Equity_Funding_8-15.pdf

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| | <p>one of the reasons that the AASB has not heard much concern from stakeholders on this matter.</p> |
| <p>NFP sector projects</p> | |
| <p>Definition of fundraising</p> | <p>As a result of feedback received from a previous agenda consultation, a project plan about definition of fundraising was discussed at the May 2017 meeting.</p> <p>The project was raised in discussions with a stakeholder as part of the Agenda Consultation outreach. The constituent indicated there is no generally accepted Australia-wide definition of 'fundraising' (covering both fundraising income and fundraising expenditure). Requirements to report fundraising activities are set out in State/Territory legislation. Each State/Territory has a different approach to defining fundraising and the form of reporting of fundraising activities. The constituent has argued that the differing approaches result in a lack of transparency and comparability of fundraising activities between NFP entities that operate in different jurisdictions. The ineffective use of fundraising money by NFP entities has seen significant public and media attention .</p> <p>At the May 2017 meeting, the Board decided to consult with the ACNC as to whether the Board could assist in improving reporting in response to issues related to differing definitions of 'fundraising' before conducting further work on this project. To date, no progress had been made on this matter as the Board focused on other NFP related projects such as the NFP Private Sector Financial Reporting Framework project.</p> |
| <p>Long term discount</p> | <p>AASB 119 <i>Employee Benefits</i> requires NFP public sector entities to use market yields on government bonds to discount their post-employment benefit obligations. In July 2015, the AASB noted a letter from the Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) expressing concern about the use of a spot discount rate for their defined benefit obligations. The primary concern was that the spot rate is volatile and, given the magnitude of defined benefit obligations in the public sector, caused significant volatility in the entity's profit or loss. Furthermore, using a spot rate does not reflect the manner in which these entities manage their defined benefit liabilities.</p> <p>A number of constituents, including HoTARAC, requested that the AASB consider alternative discount rates that would more accurately reflect the manner in which public sector entities manage their defined benefit liabilities. Among the options suggested was an average, or long-term, rate to help reduce volatility. Whatever the chosen rate might be, it would be beneficial if that rate could be consistent (or be made consistent) with other long-term liability discounting requirements.</p> <p>Further, as a result of feedback received from the ITC 34 <i>AASB Agenda Consultation 2017-2019</i>, the Board decided at the May 2017 meeting to conduct preliminary research on long-term discount rates and the impact of the volatility of spot discount rates on defined</p> |

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| | benefit liabilities of the public sector. There is however limited progress due to the impact of other priorities of the Board. |
| Other project(s) | |
| Co-operatives and mutual entities | <p>At the May 2017 meeting, the AASB noted a letter¹² received from the Business Council of Co-operatives and Mutuals requesting the Board to consider developing guidance note for co-operatives and mutual enterprises (CMEs) setting out desired standards of reporting, and initiate a project to identify appropriate principles and measures for reporting on the activities that CMEs have undertaken in order to achieve their purpose.</p> <p>The Board at the May 2017 meeting decided to develop guidance for CMEs to encourage the consistent application of Australian Accounting Standards, and to improve users' understanding of the financial statements. In July 2018, AASB staff issued FAQ: co-operative and mutual enterprises commentary and FAQs¹³ which may well have satisfied stakeholders needs. The Board has not received any further stakeholder concerns.</p> |

Question for respondents

Question 1 – Inactive projects

Section 2.3 and Table 2 provide a summary of inactive projects on which the AASB is seeking stakeholder feedback.

Are there any currently inactive project(s) you think should be retained in the AASB 2022–2026 work program?

To help the Board consider the feedback, please provide reasons that explain your views and other relevant information, including your thoughts on the scope of the project(s) that the AASB should focus on.

2.4 Potential projects

In light of the overall balance of its standard-setting activities and strategic directions, the Board decided to recommend three potential projects for stakeholder input to gather more focused feedback: sustainability reporting, service performance reporting and digital financial reporting.

At this stage of the consultation process the Board has not considered the scope of each potential project. Feedback on the recommended potential project will be sought as part of this agenda consultation.

Table 3 below provides a summary and background for each of the recommended potential projects.

¹²https://www.aasb.gov.au/admin/file/content102/c3/3.9_Ltr_to_AASB_Chair_from_Business_Council_Senate_Inquiry_11042017_M157.pdf

¹³ https://www.aasb.gov.au/admin/file/content102/c3/FAQs_Co-operatives_and_Mutuals_07-18_1559703124899.pdf

Table 3 Potential projects

| Project | Description |
|--|--|
| Sustainability reporting | <p>In September 2020, the IFRS Foundation Trustees issued Consultation Paper on Sustainability Reporting¹⁴. The purpose of the Consultation Paper was to identify demand from stakeholders in the area of sustainability reporting and to understand what the IFRS Foundation could do in response to that demand. In December 2020, AASB with the FRC and the Auditing and Assurance Standards Board (AUASB) provided joint comments on the consultation paper. In its comment letter¹⁵ the AASB acknowledged that there is a demand for global harmonisation and better disclosure in this area of corporate reporting.¹⁶ This view was also provided in the subsequent comment letter¹⁷ to the April 2021 IFRS Foundation Trustees Exposure Draft Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards¹⁸.</p> <p>The AASB staff are also currently observers at the Financial Disclosure Committee meetings of Climate Measurement Standard Initiative in Australia.</p> <p>The AASB intends to continue proactively gathering feedback from stakeholders on this matter. Feedback received will help the Board to form views on whether a uniform and comprehensive domestic sustainability reporting guidance (or requirements) are needed to be developed; and if so, how the sustainability reporting should look like to meet user needs (with the considerations of related costs). These views will also be shared with other international standards setters, such as the IFRS Foundation's proposed International Sustainability Standards Board.</p> |
| Service performance reporting | <p>The AASB initiated the service performance reporting project in 2009 to respond to feedback received about user needs of NFP private entities. Consequently, the AASB issued in August 2015 ED 270 Reporting Service Performance Information.¹⁹ Feedback received was discussed at the December 2016 meeting. The Board noted that feedback received generally agreed with the proposed objectives and principles of ED 270 however with some concerns such as the overlapping between ED 270 and the reporting frameworks and government reporting requirements. The Board has not had significant progress on this topic. However, to further understand user needs on service performance information, AASB staff conducted and published the AASB Research Report 14: Literature Review: Service Performance Reporting for Not-for-profits²⁰ in February 2020. The findings of the Research Report provide international evidence that stakeholders prefer that NFPs report service performance information</p> |

¹⁴ <https://cdn.ifrs.org/content/dam/ifrs/project/sustainability-reporting/consultation-paper-on-sustainability-reporting.pdf?la=en>

¹⁵ https://www.aasb.gov.au/admin/file/content102/c3/JointLettertoIASB_CP_SustainabilityReporting_20201222.pdf

¹⁶ https://www.aasb.gov.au/admin/file/content102/c3/JointLettertoIASB_CP_SustainabilityReporting_20201222.pdf

¹⁷ https://www.aasb.gov.au/media/3buj3oix/jointlettertoifrs trustees_ed_sustainabilityreporting_20210729.pdf

¹⁸ <https://www.ifrs.org/content/dam/ifrs/project/sustainability-reporting/ed-2021-5-proposed-constitution-amendments-to-accommodate-sustainability-board.pdf>

¹⁹ https://www.aasb.gov.au/admin/file/content105/c9/ACCED270_08-15.pdf

²⁰ https://www.aasb.gov.au/admin/file/content102/c3/AASB_RR14_LitReviewOfSPR.pdf

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|---|---|
| | <p>(such as output based or outcome-based effectiveness) rather than financial statement information.</p> <p>This project was temporarily withdrawn from the work program because the Board intends to prioritise the NFP reporting framework project. At the February 2021 meeting, the Board tentatively decided not to include any service performance reporting proposals in the NFP reporting framework consultation document, subject to clear communication of how it would address this topic and feedback from relevant regulators on the interaction of this decision with their priorities. The Board reiterated the importance of service performance information to users of the financial statements of NFP private sector entities but acknowledged that complexities in developing proposals in this regard might disproportionately delay progress on the differential reporting framework.</p> <p>The Board intends to recommence the service performance reporting project in the period of 2022–2026 because:</p> <ul style="list-style-type: none"> (a) stakeholders have been suggesting this project as a priority; and (b) the progress made in the separate NFP reporting framework project is expected to also contribute to the thinking of the service performance reporting project. |
| <p>Digital financial reporting</p> | <p>The Parliamentary Joint Committee (PJC) on Corporations and Financial Services Regulation of Auditing in Australia: Interim Report²¹ recommends the Australian Government take appropriate action to make digital financial reporting standard practice in Australia. The Board also has heard feedback from users of financial reports that digital financial reporting may help them perform better analyses for decision making. In responding to PJC’s recommendation and stakeholder feedback, the Board intends to initiate projects that would facilitate the development of digital financial reporting practice in Australia, including contributing to the development of the IFRS taxonomy²².</p> |

The Board are recommending sustainability reporting, service performance reporting and digital reporting as potential projects for its 2022–2026 work program.

The list of potential topics however is not intended to be exhaustive. Stakeholders are invited to suggest other financial or external reporting topics for the Board to consider.

²¹

https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/RegulationofAuditing/Interim_Report

²² <https://www.ifrs.org/issued-standards/ifrs-taxonomy/>

Question for respondents

Question 2 – Potential projects

Section 2.4 and Table 3 provide an overview of proposed external reporting projects that could be added to the AASB work program:

- Sustainability reporting
- Service performance reporting
- Digital financial reporting.

- (a) Do you agree that the AASB should add the proposed external reporting projects to the work program?
- (b) Are there any other project(s) you think the AASB should include as part of its work plan for 2022–2026? Specify the scope of these projects and take into consideration the AASB’s capacity for additional projects.
- (c) What priority would you give to each of the potential projects – high, medium or low?

To help the Board consider the feedback please provide reasons that explain your views and other relevant information.

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Section 3: Research projects

3.1 Background

AASB research and research activities have an important role to play in enabling the Board to fulfil its missions and strategic directions.

The AASB aims to have a robust and transparent evidence-gathering process for its standard-setting work, and research activities and standard-setting work are inextricably linked. The evidence-informed approach the AASB adopted in its [Evidence-Informed Standard-Setting Framework](#)²³ is to:

- (a) obtain appropriate evidence for all key projects to improve the relevance and timeliness of information available to AASB for its decision-making activities; and
- (b) encourage and/or produce research that will clarify, illuminate and provide leadership in national and international thinking on standard-setting issues.

Findings from research activities may be published in the form of [Research Reports](#)²⁴, [Staff Papers or other papers](#)²⁵ to inform, educate and promote possible alternatives for improving the current external reporting requirement and practice.

To strengthen its research capabilities, the Board in 2015 established the Academic Advisory Panel²⁶, an informal consultative group to provide a conduit for the Board to obtain access to academic research expertise and build strong relationships with the academic community. The AASB also hosts its annual research forum to allow researchers to share their research findings with a wide range of key stakeholders such as the regulators, practitioners and international standard-setters.²⁷

3.2 Current research projects

Table 4 below provides a summary of the key research projects currently undertaken and expected to be completed in H1 2022, except a longer-term key research project “*Understandability of Accounting Standards*” is planned to commence in H1 2022:

²³ https://www.aasb.gov.au/admin/file/content102/c3/AASB_EISSF.pdf

²⁴ <https://www.aasb.gov.au/research-resources/research-reports/>

²⁵ <https://www.aasb.gov.au/research-resources/staff-and-other-papers/>

²⁶ See AASB website for details of memberships: <https://www.aasb.gov.au/current-projects/advisory-committees/academic-advisory-panel/>

²⁷ See AASB website for details of its research forum: <https://www.aasb.gov.au/research-resources/research-forum/>

Table 4 Summary of current research projects

| Next major project milestone | H2 2021 | H1 2022 |
|--|--|-----------------------|
| Intangible assets: Reducing the financial statements information gap – improved disclosures | Report findings with a view to providing input to the IASB's Third Agenda Consultation | |
| Joint research projects with the Malaysian Accounting Standards Board on transition requirements and practical expedients of IFRS 16 <i>Leases</i> | Analyse findings | Publish report |
| Digital assets | Conduct research and draft report | |
| Understandability of accounting standards | | Develop research plan |

All key research projects currently undertaken by the AASB staff on the research work program are expected to be well advanced by early 2022. See details in [Appendix D](#).

3.3 Potential research projects

The AASB is anticipating a wide range of research activities in 2022–2026. The key research activities undertaken by the AASB can be split into four categories, as summarised in figure 1 and are discussed in the sections below.

This ITC also suggested a number of potential research projects that could be undertaken. The scope and details of the projects will be developed after feedback is received from the consultation.

Figure1 Categories of research projects



3.3.1 Accounting standards research

The AASB's standard-setting process is based on evidence and consultation with stakeholders and is consistent with the IASB's research-based standard-setting process. AASB uses a

robust and transparent evidence-informed approach to set standards and guidance. The [AASB Evidence-Informed Standard-setting Framework](#) sets out the framework for how the AASB embeds its evidence-informed approach into domestic and international standard-setting activities in different phases.

The primary objective of accounting standards research projects is to gather a wide range of evidence to support the Board in making decisions on accounting standard-setting work. As such, the accounting standards research projects are necessarily dependent on, and wherever possible, coordinated with the Board's standard-setting agenda, including its post-implementation reviews of Standards.

In order to actively influence the IASB, IPSASB and other international accounting and external reporting standards and guidance (AASB Strategy 3), research activities also involve developing thought-leadership papers to inform and initiate discussions on specific complex contemporary accounting issues. Table 5 below summarises potential accounting standards research/thought-leadership projects that the AASB may pursue in its 2022–2026 work plan:

Table 5 Potential accounting standards research projects

| Project | Description |
|---|--|
| Encouraged disclosures | <p>In addition to disclosure requirements, the accounting standards occasionally encourage entities to provide certain disclosures. It is, however, unclear how preparers have been responding to those encouraged disclosures.</p> <p>This project aims to investigate how preparers have responded to the encouraged disclosures in the standards and why. Findings from this project will contribute to the IASB’s Disclosure Initiative project²⁸ that has the objective of setting out a proposed new approach to developing and drafting disclosure requirements in IFRS Standards.</p> |
| AASB 112 <i>Income Taxes</i> and tax transparency disclosures | <p>This project aims to investigate whether tax disclosures in Australia meet user needs, take into consideration the disclosure requirements under AASB 112 and the voluntary disclosures of the Voluntary Tax Transparency Code developed by the Board of Taxation and endorsed by the Australian Government in the 2015–2016 federal budget.</p> <p>As the result of the Voluntary Tax Transparency Code, the AASB released draft guidance²⁹ in 2017 to assist businesses to meet the tax transparency code recommendations. Findings from this project will contribute to the draft guidance.</p> |

3.3.2 External reporting research

AASB research work program involves potentially ongoing work to investigate the scope of projects relating to external reporting that the Board should address. This approach is consistent with AASB Strategy 5 – influencing initiatives to develop standards and guidance that meet user needs for external reporting beyond financial reporting.

Table 6 below provides two external reporting research projects that the AASB would potentially conduct to support the proposed potential standard-setting projects discussed in .

²⁸ <https://www.ifrs.org/projects/work-plan/standards-level-review-of-disclosures/>
²⁹ https://www.aasb.gov.au/admin/file/content102/c3/taxtransparencycode_faq_sep2017.pdf

Table 6 Potential external reporting research

| Project | Description |
|-------------------------------|--|
| Sustainability reporting | <p>To enable the Board to have a better understanding of sustainability practice in Australia, some examples of research activities may be done include the following:</p> <ul style="list-style-type: none"> • Literature review • Conduct surveys of/focus group sessions with users and preparers of financial reports to understand how and to what extent sustainability information could be disclosed. <p>Findings from the research will help the Board to form views on whether a uniform and comprehensive domestic sustainability reporting guidance (or requirements) are needed to be developed; and if so, what the sustainability reporting should look like to meet user needs (with the considerations of related costs).</p> |
| Service performance reporting | <p>In February 2020, AASB staff published the AASB Research Report 14: Literature Review: Service Performance Reporting for Not-for-profits.³⁰ The Research Report provides international evidence suggesting that NFP stakeholders prefer service performance information (output-based or outcome-based effectiveness) to financial statement information. However, further research focusing on domestic users' and preparers' needs are warranted. Research activities may include surveys and experimental studies on the usefulness of types of service performance information to support the AASB standard-setting work.</p> |

3.3.3 Emerging technology and reporting

AASB Strategy 6 is about monitoring and responding to emerging issues impacting the development of accounting and external reporting standards and guidance, including changing technologies. One potential project related to emerging technology and reporting provided in Table 7 below is digital reporting.

Table 7 Potential emerging technology and reporting research

| Project | Description |
|-------------------|--|
| Digital reporting | <p>In responding to stakeholder feedback on the importance of digital financial reporting for the Australian economy, the Board intends to initiate projects to facilitate the development of digital financial reporting practice in Australia. To do so, the Board may potentially undertake some research activities about digital reporting, such as a literature review to support the standard-setting agenda.</p> |

3.3.4 Enhancing standard-setting process

Key principles of the standard-setting process (international influence, transparency, genuine consultation and accountability) are used in the [AASB Due Process Framework](#) establishing an appropriate standard-setting process. Standard-setting process research is important to

³⁰ https://www.aasb.gov.au/admin/file/content102/c3/AASB_RR14_LitReviewOfSPR.pdf

ensure the standard-setting process is adequate to effectively develop, implement and review accounting and external reporting standards.

The Board has been proactively conducting and engaging in research activities that contribute to improving the standard-setting process. For example, findings from the [AASB research report No. 2 Accounting Judgements on Terms of Likelihood in IFRS: Korea and Australia](#)³¹ suggest that there is a lack of consensus among financial reporting stakeholders on interpreting and applying terms of likelihood such as 'remote', 'likely', 'virtually certain' and 'probable' used in IFRS Standards, justifying that a better standard-setting process is needed to obtain stakeholder input when terms of likelihood are used in the drafting of a standard.

Table 8 below provides a potential standard-setting process research project that could be undertaken.

Table 8 Potential research about enhancing standard-setting process

| Project | Description |
|-----------------------------|--|
| Costs and benefits analysis | Cost/benefit analysis is an integral part of standard-setting. The purpose of this project is to conduct a literature review related to costs and benefits analysis in policymaking, such as the development of possible taxonomies of costs and benefits relevant to the different sectors affected by accounting standards. The review will help standard setters understand how to develop and undertake an adequate cost/benefit analysis as part of the standard-setting process. |

This ITC identifies several potential research projects that could be added to the AASB research program. The scope of the research projects will be determined subject to stakeholder feedback.

The list of research projects is not intended to be exhaustive. You are invited to suggest other research projects and the scope of these projects.

³¹ [https://www.aasb.gov.au/admin/file/content102/c3/July_2016_\(KASB-AASB\)%20Accounting%20Judgments%20on%20Terms%20of%20Likelihood%20in%20IFR....pdf](https://www.aasb.gov.au/admin/file/content102/c3/July_2016_(KASB-AASB)%20Accounting%20Judgments%20on%20Terms%20of%20Likelihood%20in%20IFR....pdf)

Question for respondents

Question 3 – Research projects

Section 3.3 proposes several research projects.

- (a) Do you agree that the AASB should add the proposed research projects to the work program?
- (b) Are there any other research project(s) you think the AASB should include as part of its work plan for 2022–2026? In your response, please include detail of the proposed scope of these projects and take into consideration the AASB’s capacity for additional projects.
- (c) What priority would you give to each of the potential projects – high, medium or low?

To help the Board consider the feedback please provide reasons that explain your views and other relevant information.

Draft

Section 4: Prioritising projects and next steps

4.1 Prioritising projects

In order to develop the work program and allocate resources on the highest priority projects, the Board considers various cost and benefit indicators and factors including but not limited to:

- (a) the importance of the issue to those who use financial reports, including the range and extent of those to whom the issue might apply, and whether it impacts for-profit and NFP entities;
- (b) the urgency of addressing the issue, considering input of other relevant regulators and evidence of the impact of not addressing the issue;
- (c) interactions with other current or possible projects;
- (d) the complexity and breadth of the problem to be resolved, and the feasibility of possible solutions being developed;
- (e) the capacity of stakeholders to respond to proposals, both as individual proposals and across the work program as a whole;
- (f) the overall balance of the work plan and the overall balance in the pipeline of research projects that may ultimately come forward to the standards-level work program, including a balance of NFP, public sector and other projects; and
- (g) the availability of sufficient staff resources.

Your feedback will contribute to the Board's decisions on identifying and prioritising the most important financial and external reporting projects to be addressed.

4.2 Next steps

The Board expects to deliberate feedback received on this ITC in H1 2022 and a feedback statement will be published in H2 2022.

Following the [AASB Due Process Framework](#), once a technical issue has been identified, the AASB develops a project proposal. A project proposal contains relevant evidence of the issue, including the extent of the issue, and an assessment of the potential benefits of undertaking the project, the costs of not undertaking it, the resources available and the likely timing.

The Board reviews the project proposal and decides whether the project should be placed on its work program. If the Board decides not to add a topic to the agenda, the Board may decide to formally report the decision as a Board Agenda Decision, sometimes called “items not taken onto the agenda” or “agenda rejection statements”. The minutes of meetings record the decisions made and whether or not a formal Board Agenda Decision was issued.

APPENDIX A – AASB OUTPUT (2017–2021)

This appendix provides a summary of all the AASB’s standards, exposure drafts, invitations to comment and other research reports published since the previous domestic agenda consultation (2017–2021) was undertaken.

| Standards | |
|------------------|---|
| 2017 | |
| AASB 1059 | <i>Service Concession Arrangements: Grantors</i> (July 2017) |
| AASB 17 | <i>Insurance Contracts</i> (July 2017) |
| AASB 1048 | <i>Interpretation of Standards</i> (December 2017) |
| AASB 2017-1 | <i>Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments</i> (February 2017) |
| AASB 2017-2 | <i>Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle</i> (February 2017) |
| AASB 2017-3 | <i>Amendments to Australian Accounting Standards – Clarifications to AASB 4</i> (July 2017) |
| AASB 2017-4 | <i>Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments</i> (August 2017) |
| AASB 2017-5 | <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i> (December 2017) |
| AASB 2017-6 | <i>Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation</i> (December 2017) |
| AASB 2017-7 | <i>Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures</i> (December 2017) |
| 2018 | |
| AASB 2018-1 | <i>Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle</i> (February 2018) |
| AASB 2018-2 | <i>Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement</i> (March 2018) |
| AASB 2018-3 | <i>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements</i> (July 2018) |
| AASB 2018-4 | <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors</i> (August 2018) |
| AASB 2018-5 | <i>Amendments to Australian Accounting Standards – Deferral of AASB 1059</i> (November 2018) |
| AASB 2018-6 | <i>Amendments to Australian Accounting Standards – Definition of a Business</i> (December 2018) |
| AASB 2018-7 | <i>Amendments to Australian Accounting Standards – Definition of Material</i> (December 2018) |
| AASB 2018-8 | <i>Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities</i> (December 2018) |
| 2019 | |
| AASB 2019-1 | <i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i> (May 2019) |
| AASB 2019-2 | <i>Amendments to Australian Accounting Standards – Implementation of AASB 1059</i> (October 2019) |
| AASB 2019-3 | <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform</i> (October 2019) |

| | |
|-------------|---|
| AASB 2019-4 | <i>Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements (November 2019)</i> |
| AASB 2019-5 | <i>Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia (November 2019)</i> |
| AASB 2019-6 | <i>Amendments to Australian Accounting Standards – Research Grants and Not-for-Profit Entities (December 2019)</i> |
| AASB 2019-7 | <i>Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations (December 2019)</i> |
| AASB 2019-8 | <i>Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases (December 2019)</i> |
| 2020 | |
| AASB 1060 | <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (March 2020)</i> |
| AASB 2020-1 | <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (March 2020)</i> |
| AASB 2020-2 | <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities (March 2020)</i> |
| AASB 2020-3 | <i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments (June 2020)</i> |
| AASB 2020-4 | <i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions (June 2020)</i> |
| AASB 2020-5 | <i>Amendments to Australian Accounting Standards – Insurance Contracts (July 2020)</i> |
| AASB 2020-6 | <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date (August 2020)</i> |
| AASB 2020-7 | <i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures (August 2020)</i> |
| AASB 2020-8 | <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 (August 2020)</i> |
| AASB 2020-9 | <i>Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments (December 2020)</i> |
| 2021 | |
| AASB 2021-1 | <i>Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities (March 2021)</i> |
| AASB 2021-2 | <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (March 2021)</i> |
| AASB 2021-3 | <i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 (April 2021)</i> |
| AASB 2021-4 | <i>Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors (June 2021)</i> |
| AASB 2021-5 | <i>Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (June 2021)</i> |

Exposure drafts

2017

| | |
|-------------|---|
| ED 276 | <i>Annual Improvements to Australian Accounting Standards 2015–2017 Cycle (January 2017)</i> |
| ED 277 | <i>Reduced Disclosure Requirements for Tier 2 Entities (January 2017)</i> |
| ED 278 | <i>Improvements to AASB 8 Operating Segments (April 2017)</i> |
| ED 279 | <i>Prepayment Features with Negative Compensation (April 2017)</i> |
| ED 280 | <i>Property, Plant and Equipment—Proceeds before Intended Use (June 2017)</i> |
| ED 281 | <i>Accounting Policies and Accounting Estimates (September 2017)</i> |
| ED 282 | <i>Definition of Material (Proposed amendments to AASB 101 and AASB 108) (September 2017)</i> |
| ED 283 | <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors (December 2017)</i> |
| ED 284 | <i>Recent Standards – Reduced Disclosure Requirements (December 2017)</i> |
| 2018 | |
| ED 285 | <i>Accounting Policy Changes (April 2018)</i> |
| ED 286 | <i>Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities (November 2018)</i> |
| 2019 | |
| ED 287 | <i>Onerous contracts (January 2019)</i> |
| ED 288 | <i>Proposed amendments to AASB 9 and AASB 139 (May 2019)</i> |
| ED 289 | <i>Annual Improvements to Australian Accounting Standards 2018–2020 (May 2019)</i> |
| ED 290 | <i>Reference to the Conceptual Framework (June 2019)</i> |
| ED 291 | <i>Not-for-Profit Entity Definition and Guidance (June 2019)</i> |
| ED 292 | <i>Amendments to AASB 17 (July 2019)</i> |
| ED 293 | <i>Amendments to Australian Accounting Standards — Disclosure in Special Purpose Financial Statements of Compliance with Recognition and Measurement Requirements (July 2019)</i> |
| ED 294 | <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Proposed amendments to AASB 112 (July 2019)</i> |
| ED 295 | <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (August 2019)</i> |
| ED 296 | <i>Disclosure of Accounting Policies (August 2019)</i> |
| ED 297 | <i>Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities (August 2019)</i> |
| 2020 | |
| ED 298 | <i>General Presentation and Disclosures (January 2020)</i> |
| ED 299 | <i>Interest Rate Benchmark Reform — Phase 2 (April 2020)</i> |
| ED 300 | <i>COVID-19 Related Rent Concession (April 2020)</i> |
| ED 301 | <i>Classification of Liabilities as Current or Non-current—Deferral of Effective Date (May 2020)</i> |
| ED 302 | <i>Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Certain For-Profit Private Sector Entities (June 2020)</i> |
| ED 303 | <i>Covid-19-Related Rent Concessions: Tier 2 Disclosures (July 2020)</i> |
| ED 304 | <i>Interest Rate Benchmark Reform – Phase 2: Tier 2 Disclosures (October 2020)</i> |
| ED 305 | <i>Lease Liability in a Sale and Leaseback Proposed Amendments to AASB 16 (December 2020)</i> |
| ED 306 | <i>Transition Between Tier 2 Frameworks for Not-for-Profit Entities (December 2020)</i> |
| 2021 | |
| ED 307 | <i>Regulatory Assets and Regulatory Liabilities (February 2021)</i> |

| | |
|--------|---|
| ED 308 | <i>COVID-19-Related Rent Concessions beyond 30 June 2021</i> (February 2021) |
| ED 309 | <i>Disclosure Requirements in Australian Accounting Standards—A Pilot Approach</i> (April 2021) |
| ED 310 | <i>Lack of Exchangeability</i> (May 2021) |
| ED 311 | <i>Management Commentary</i> (June 2021) |

Invitations to Comment

2017

| | |
|--------|--|
| ITC 35 | <i>Disclosure Initiative – Principle of Disclosure</i> (April 2017) |
| ITC 36 | <i>Request for Comment on IASB Request for Information on Post-implementation Review – IFRS 13 Fair Value Measurement</i> (May 2017) |
| ITC 37 | <i>AASB’s Standard-Setting Frameworks for For-Profit Entities and Not-for-Profit Entities</i> (November 2017) |
| ITC 38 | <i>Request for Comment on IPSASB Exposure Draft Social Benefits</i> (November 2017) |

2018

| | |
|--------|--|
| ITC 39 | <i>Applying the IASB’s Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems</i> (May 2018) |
|--------|--|

2019

| | |
|--------|--|
| ITC 40 | <i>Financial Instruments with Characteristics of Equity</i> (July 2019) |
| ITC 41 | <i>The AASB’s Approach to International Public Sector Accounting Standards</i> (August 2019) |

2020

| | |
|--------|---|
| ITC 42 | <i>Business Combinations under Common Control</i> (December 2020) |
| ITC 43 | <i>Request for Comment on IASB Request for Information on Post-implementation Review—IFRS 10, 11 and 12</i> (December 2020) |

2021

| | |
|--------|---|
| ITC 44 | <i>Request for Comment on the IASB Request for Information on Third Agenda Consultation</i> (April 2021) |
| ITC 45 | <i>Request for Comment on IPSASB Exposure Drafts ED 76 Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements and ED 77 Measurement</i> (April 2021) |

Research reports

2017

| | |
|-------|--|
| No. 4 | <i>Review of Adoption of International Financial Reporting Standards in Australia</i> (March 2017) |
| No. 5 | <i>Financial Reporting Requirements Applicable to Charities</i> (October 2017) |

2018

| | |
|-------|--|
| No. 6 | <i>Financial Reporting Requirements Applicable to Public Sector Entities</i> (May 2018) |
| No. 7 | <i>Financial Reporting Requirements Applicable to For-Profit Private Sector Companies</i> (May 2018) |

2019

| | |
|-------|---|
| No. 8 | <i>Literature Review — Remuneration reporting</i> (February 2019) |
| No. 9 | <i>Perspectives on IAS 36: A Case for Standard Setting Activity: Summary of Outreach Results</i> (March 2019) |

| | |
|-------------|--|
| No. 10 | <i>Legislative And Regulatory Financial Reporting Requirements</i> (March 2019) |
| No. 11 | <i>Review of Special Purpose Financial Statements: Large and Medium-Sized Australian Charities</i> (August 2019) |
| No. 12 | <i>Financial Reporting Practices of For-Profit Entities Lodging SPFSs</i> (August 2019) |
| No. 13 | <i>Parent, Subsidiary and Group Financial Reporting</i> (October 2019) |
| 2020 | |
| No. 14 | <i>A Literature Review of Service Performance Reporting for Private Not-for-profits</i> (March 2020) |
| No. 15 | <i>Review of Auditor Remuneration Disclosure Requirements</i> (December 2020) |
| 2021 | |
| No. 16 | <i>Financial Reporting by Non-corporate or Small Entities</i> (March 2021) |

Staff and other Papers

2017

AASB Staff Report: *Australian Accounting Standards Board and International Public Sector Accounting Standards Board Pronouncements – A Comparison* (May 2017)

AASB Discussion Paper: *Improving Financial Reporting for Australian Charities* (November 2017)

2018

AASB Staff Paper: *Comparison of Standards for Smaller Entities* (April 2018)

AASB Discussion Paper: *Improving Financial Reporting for Australian Public Sector – Appendices to Public Sector Discussion Paper* (June 2018)

AASB Staff Paper: *Enhancing the revised Conceptual Framework and replacing Special Purpose Financial Statements – For-profit User and Preparer Survey Results* (December 2018)

2020

AASB Staff Paper: *Modifications to Australian Accounting Standards for Not-for-Profit Entities* (April 2020)

2021

AASB Staff Paper: *Comparison of Narrative Reporting Requirements Applicable to For-Profit Entities* (May 2021)

APPENDIX B – AASB MISSIONS AND STRATEGIC OBJECTIVES

The AASB work program is frequently updated to reflect the Board’s priorities and the progress of its work that are aligned with its missions and strategic objectives. The latest AASB work program can be found on the [AASB website](#)³².

The purpose and vision of AASB are to contribute to stakeholder confidence in the Australian economy, including its capital markets, and trust in external reporting. The AASB’s missions are to:

- (a) develop, issue and maintain principles-based Australian accounting and external reporting standards and guidance that meet user needs and enhance external reporting consistency and quality.
- (b) contribute to the development of a single set of accounting and external reporting standards for world-wide use.

The table below provides the AASB’s seven strategic objectives that contribute to the Board’s considerations when determining its activities.

| AASB Strategic Objectives | |
|----------------------------------|---|
| Strategy 1 | Develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users. For ‘publicly accountable’ entities maintain IFRS compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance. |
| Strategy 2 | With the Australian Auditing and Assurance Standards Board (AUASB), play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on: <ul style="list-style-type: none"> • who prepares external reports (including financial reports) • the nature and extent of assurance required on these external reports. |
| Strategy 3 | Actively influence IASB, International Public Sector Accounting Standards Board (IPSASB) standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships. |
| Strategy 4 | Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach. |
| Strategy 5 | Influence initiatives to develop standards and guidance that meet user needs for external reporting beyond financial reporting. |
| Strategy 6 | Monitor and respond to emerging issues impacting the development of accounting and external reporting standards and guidance, including changing technologies. |

³² <https://www.aasb.gov.au/current-projects/work-program/>

AASB Strategic Objectives

| | |
|-------------------|--|
| Strategy 7 | Develop guidance and education initiatives, or promote development by others, to enhance consistent application of accounting and external reporting standards and guidance. |
|-------------------|--|

Draft

**APPENDIX C: AASB DOMESTIC STANDARD-SETTING PROJECTS
(SEPTEMBER 2021)**

| Standard-setting projects | Remarks | Expected completion date |
|--|---|--------------------------|
| High priority | | |
| NFP private sector financial reporting framework | <p>The objective of the project is to develop a reporting framework that is simple, proportionate, consistent, transparent and cost-effective for all NFP private sector entities in Australia. Board is deliberating on the development of public consultation papers. This project is consistent with the AASB strategic objective 2.</p> <p>A discussion paper is expected to issue in Q4 2021. Subject to feedback on the discussion paper and any eventual exposure draft, the current project plan aims for the final standard to be issued in 2023.</p> | 2023 |
| Fair value measurement for public sector entities | <p>The objective of this project is to address issues and concerns raised by public sector constituents regarding the application of AASB 13 Fair Value Measurement by public sector entities. This project also addresses issues raised by constituents in the NFP sector (private and public sector) about the fair value of right-of-use assets arising from concessionary leases. Concessionary leases in this context are leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives. The AASB decided to consider the IPSASB’s Measurement project before proposing any amendments to AASB 13.</p> | To be confirmed |
| Implementation issues relating to AASB 1058 Income of Not-for-Profit Entities and AASB 1059 Service Concession Arrangements: Grantor | <p>Since the implementation of AASB 1058 and AASB 1059, stakeholders have been providing feedback to the AASB on some practical challenges related to the standards. Feedback gathered and significant issues identified will be considered by the Board to determine whether narrow scope amendments to the Standards are necessary. This process is consistent with the AASB strategic objective 1.</p> | 2022 |
| Medium priority | | |
| Insurance activities in the public sector | <p>Currently, AASB 17 Insurance Contracts does not apply to NFP public sector entities. In addition, there is an apparent inconsistency in Australia in the application of standards by some Australian public sector entities conducting insurance and insurance-like activities. The AASB and the NZASB have each commenced a project in 2017/2018 to consider expanding the scope of AASB 17/PBE IFRS 17 to include insurance contracts and arrangements that have similar characteristics to insurance contracts in the public sector as well as addressing any public-sector-specific issues. Each</p> | 2022 |

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|--|---|-------------|
| | <p>Board has issued a public consultation document (AASB Discussion Paper Australian-specific Insurance Issues – Regulatory Disclosures and Public Sector Entities³³ and NZASB Exposure Draft 2018-7 PBE IFRS 17 Insurance Contracts³⁴) and considered respondents’ comments. In 2020, the AASB and NZASB decided to work jointly to progress the project to achieve, as much as possible, a consistent accounting outcome in the public sector in Australia and New Zealand to achieve greater consistency of financial reporting among entities engaging in insurance activities.</p> <p>At the March 2021 meeting, the Board instructed staff to address 8 issues related to the implementation of AASB 17 for the public sector NFP entities for deliberation at future meetings. Subject to the Board’s decision and stakeholder feedback, this project is expected to complete in 2022.</p> <p>This project is consistent with the AASB strategic objective 1.</p> | |
| <p>Conceptual framework for NFP private sector and public sector</p> | <p>This project aims to apply the AASB’s Conceptual Framework for Financial Reporting to NFP entities and improve the consistency, comparability, transparency and enforceability of financial reports prepared in accordance with Australian Accounting Standards. This project is consistent with the AASB strategic objective 2.</p> <p>At the June 2020 meeting, the Board approved a project plan to modify the AASB’s Conceptual Framework for Financial Reporting where necessary to address NFP private and public sector considerations in order to apply the Revised Conceptual Framework to NFP entities.</p> <p>The project plan has two stages. Stage 1 of the project seeks to amend the Revised Conceptual Framework (RCF) where necessary for the public sector and NFP private sector issues (using the NFP modifications in the existing Conceptual Framework as the starting point), to make the RCF available for these sectors. Stage 2 of this project will explore NFP considerations through research and outreach in order to improve the RCF for NFP entities as a long-term measure. The Board at the current stage is to deliberate the topic to consider interaction with other cross-cutting projects such as NFP Private Sector Financial Reporting Framework project. A working draft exposure draft for Stage 1 amendments is expected to be deliberated in the June 2021 meeting. Subject to the Board’s decisions and stakeholder feedback, and to the interaction with cross-cutting projects, Stage 1 of this project is expected to be completed concurrently with NFP Private Sector Financial Reporting Framework in 2023 with Stage 2 to follow.</p> | <p>2023</p> |

³³ https://www.aasb.gov.au/admin/file/content105/c9/ACCDP_Aus_Specific_Insurance_Issues_11-17.pdf

³⁴ <https://www.xrb.govt.nz/accounting-standards/standards-in-development/closed-for-comment-archive/nzasb-ed-2018-7/>

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| <p>Audit engagement related disclosures</p> | <p>AASB 1054 Australian Additional Disclosures requires entities to disclose the fees paid to their auditors for the audit/review of the financial statements and other services. However, concerns have been raised that the current disclosures requirements are not sufficient.</p> <p>At the March 2021 meeting, the Board directed staff to develop a draft Exposure Draft for the April meeting with proposed revised auditor remuneration disclosures based on the work presented in AASB Research Report 15 Review of Auditor Remuneration Disclosure Requirements³⁵ and other outreach and research activities. Staff are currently liaising with other relevant parties, including AUASB, APESB and ASIC as to the interaction of any AASB proposals and relevant other projects. Staff now expect to bring an update to the Board at its June 2021 meeting.</p> <p>Subject to the Board’s decision, the project is expected to be completed in 2022-2023.</p> | <p>2022–2023</p> |
| <p>Low priority</p> | | |
| <p>Public sector financial reporting framework</p> | <p>In 2014 the FRC’s Financial Reporting Taskforce published a report Financial Reporting – Issues, Recommendations and Summary of Observations from its investigation into Australia’s financial reporting requirements. The report showed that the financial reporting requirements for all sectors were complex. The Taskforce recommended that a new reporting framework is developed to define appropriate reporting requirements based on an entity’s risk profile and public accountability and the likely users of an entity’s financial reports.</p> <p>In addressing FRC’s recommendations, the Board decided to undertake a project to reform the public sector financial reporting framework (which would be applicable to for-profit and NFP public sector entities other than Whole of Government and General Government Sector). [Note: The Board is currently undertaking a separate project to reform the NFP Private Sector Financial Reporting Framework. The project on reforming the For-Profit Private Sector Financial Reporting Framework was completed in 2020.]</p> <p>In 2018, the Board issued the following publications and have commenced discussion with principal stakeholders on the key findings and draft proposals of these publications:</p> <ul style="list-style-type: none"> (a) Research Report No. 6 – Financial Reporting Requirements Applicable to Australian Public Sector Entities³⁶ (May 2018); and (b) Discussion Paper – Improving Financial Reporting for Australian Public Sector³⁷ (June 2018). | <p>2022–2023</p> |

³⁵ https://www.aasb.gov.au/admin/file/content102/c3/RR15_AuditorDisclosureRequirements_02-21.pdf

³⁶ https://www.aasb.gov.au/admin/file/content102/c3/AASB_RR_06_05-18.pdf

³⁷ https://www.aasb.gov.au/admin/file/content102/c3/DP_IFRPS_06-18.pdf

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| | <p>In 2019, it was decided that the FRC’s Public Sector Working Group (FRC WG) will lead this project. Depending on the complexity of change and the legislative programs in each jurisdiction, the project is expected to be completed in 2024. The FRC WG will also be managing the PIR of AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i>.</p> <p>The Board approved a project plan at the November 2019 meeting. The overall objective of the project is for AASB to work with FRC WG to:</p> <ul style="list-style-type: none"> (a) clarify and simplify the financial reporting framework for the Australian public sector by developing objective criteria to determine which entities of the Commonwealth and State, Territory and Local Governments should be required to prepare General Purpose Financial Statements (GPFS); and (b) determining the financial reporting requirements that would apply to the financial statements. <p>AASB staff continues to work with FRC Public Sector WG on this project as part of Future of Financial Reporting in the Public Sector project.</p> | |
| Assessment of IPSAS | <p>In accordance to The AASB’s Approach to International Public Sector Accounting Standards, the AASB should assess and consider whether to adopt IPSAS when one of the following events occurs:</p> <ul style="list-style-type: none"> (a) IPSAS make substantive progress or changes that the AASB consider would significantly affect its assessment of the factors outlined in paragraph 13 of the policy; or (b) where (a) is not met, five years has passed since the last assessment. <p>The most recent project related to the reassessment of IPSAS is the AASB Staff Report published in May 2017 Australian Accounting Standards Board and International Public Sector Accounting Standards Board Pronouncements – A Comparison³⁸. As such, a reassessment of IPSAS is due to be undertaken. This project is consistent with the AASB strategic objectives 1, 3 and 4.</p> | 2021–2022 |

³⁸ https://www.aasb.gov.au/admin/file/content102/c3/AASB_Staff_Report_AASB_IPSASB_Pronouncements_Comparison.pdf

APPENDIX D – AASB RESEARCH PROGRAM (SEPTEMBER 2021)

| Research projects | Objectives |
|---|---|
| <p>AASB 138 <i>Intangible assets:</i> Reducing the financial statements</p> | <p>The objectives of the research projects are to:</p> <ul style="list-style-type: none"> • identify whether an information gap arises from AASB 138/IAS 38: <ul style="list-style-type: none"> ○ requirements that prohibit the recognition of many internally generated intangible assets controlled by the entity or otherwise impose recognition requirements that are potentially more restrictive than the Conceptual Framework (2019) asset recognition criteria; ○ requirements that prohibit the upward revaluation to fair value of many recognised intangible assets for which an entity adopts a revaluation policy; and ○ lacking specification of pertinent information to be disclosed about unrecognised internally generated intangible assets and unrevalued recognised intangible assets; and ○ suggest how that information gap could be reduced. |
| <p>Joint research projects with the Malaysian Accounting Standards Board on transition requirements and practical expedients of IFRS 16 <i>Leases</i></p> | <p>Identify relevant lessons that might inform the application of other new and revised Standards regarding future transition arrangements and ongoing practical expedients that can be permitted or required, without compromising the principles-based nature of those Standards and without jeopardising user needs.</p> |
| <p>Digital assets</p> | <p>In December 2016, the AASB presented at the Accounting Standards Advisory Forum meeting on <i>Digital currency – A case for standard setting activity</i>³⁹ (principal author: Henri Venter from Deloitte Australia).</p> <p>Collaborating with the University New South Wales industry program, this project investigates how digital currency has been treated and disclosed in the financial statements of international listed entities.</p> |

³⁹ https://www.aasb.gov.au/admin/file/content102/c3/AASB_ASAF_DigitalCurrency.pdf