



**Subject:** Minutes of the 213<sup>th</sup> meeting of the AASB  
**Venue:** Brisbane and Videoconference  
**Held:** Thursday, 3 July 2025, 10.00 am – 4.00 pm

All agenda items were discussed in public, except for items 1 and 12.

## Attendance

Members	Keith Kendall (Chair) Stephen Taylor (Deputy Chair) Carolyn Cordery (via videoconference) Rebecca Gordon Dean Hanlon David Holland (via videoconference, part of meeting) Adrian King Toby Langley Liza Maimone Mathew Nelson (via videoconference) Sean Osborn Caroline Spencer
Apologies	David Holland (10.00 am – 11.00 am) Moana Overton
Staff	Clark Anstis (via videoconference, part of meeting) Patricia Au (via videoconference, part of meeting) Erin Blythman Tom Frick Charis Halliday (via videoconference, part of meeting) Kathleen John Eric Lee Ao Li Lan Lu Maggie Man Emily Marden (via videoconference) Lachlan McDonald-Kerr Sophie Pierson Janani Ramanan (via videoconference) Sabine Schuhrer Angus Thomson Hang Tran Jia Wei Justin Williams (via videoconference, part of meeting) Abigail Xu
Other	Evelyn Ling – agenda items 4 and 5

## **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***

An apology for the meeting was noted from Moana Overton and in part for David Holland.

### ***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 approved the minutes of the two hundredth and twelfth meeting, held on 1 May 2025.

### ***Approvals Out of Session***

The Board noted that no AASB documents had been approved out of session since the previous meeting report.

## **Presentation and Disclosure in Financial Statements by Not-for-Profit and Superannuation Entities**

Agenda Item 3

The Board discussed the revisions to AASB 107 *Statement of Cash Flows* made by AASB 18 *Presentation and Disclosure in Financial Statements*. The Board considered stakeholder feedback received from targeted outreach with not-for-profit (NFP) public sector and superannuation entity stakeholders about the possible need to depart from the revised AASB 107 (i.e. the version of AASB 107 that would incorporate the amendments made by AASB 18). The Board decided to propose in an Exposure Draft the following approaches for the various types of entities.

***Dividends received and interest paid and received***

Regarding the classification of dividends received and interest paid and received, the Board decided to propose:

- (a) as an interim step, retaining the current policy choice for classifying dividends received and interest paid and received for NFP public sector entities, including entities applying AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and local government entities. The Board noted stakeholder feedback indicating that NFP public sector entities receive cash from government in a range of ways to fund their operations (e.g. appropriations, grants and allocations of centrally raised debt) and considered that the 'operating' versus 'financing' distinction has less relevance than in the private sector where typically there are cash flows from different counterparties (e.g. customers, debtholders and shareholders). The Board also noted that the IASB's Basis for Conclusions reasons for revising AASB 107 do not appear to be relevant to NFP public sector entities. The Board acknowledged the potential for reconsidering its interim position once the outcomes of the IASB's project on the statement of cash flows and related matters and the IPSASB's Presentation of Financial Statements project are known;
- (b) retaining the current policy choice for classifying dividends received and interest paid and received for superannuation entities. The Board noted this would be expected to result in superannuation entities classifying these items as operating cash flows, which would, in principle, be the classification achieved by applying the revised AASB 107 due to the nature of superannuation entity activities; and
- (c) requiring for-profit public sector entities to classify dividends received and interest paid and received in accordance with the revised AASB 107 without modification. The Exposure Draft would seek input on the following matters:
  - (i) whether it would be more important for the cash flow statements of these entities to be comparable with for-profit entities in the private sector or with NFP public sector entities;
  - (ii) the importance of these entities having a consistent classification of dividend and interest transactions between the income statement and the cash flow statement; and
  - (iii) the cost and effort required to adjust the cash flow classifications of these entities to facilitate whole of government consolidation and how they compare with the benefits of complying with the revised AASB 107.

***Indirect method of reporting cash flows from operating activities***

Regarding the starting point for the indirect method of reporting cash flows from operating activities, the Board decided to propose amending:

- (a) AASB 1054 *Australian Additional Disclosures* – to require entities, other than NFP public sector and superannuation entities, to use the 'operating profit or loss' subtotal (as defined in AASB 18) as the starting point for the reconciliation of the net cash flow from operating activities, to align with the indirect method set out in the revised AASB 107; and

- (b) the revised AASB 107 – to permit NFP public sector and superannuation entities to use the ‘profit or loss’ subtotal as the starting point, consistent with the Board’s decision to propose that these entities would not be required to present an ‘operating profit or loss’ subtotal in their income statement.

The Board revised its May 2025 decision about universities and decided that the ED should propose requiring universities to apply AASB 18 and the revised AASB 107 without modification, on the basis that the requirements are as relevant to universities as they are to for-profit private sector entities. The Board noted that the limited feedback received to date from stakeholders in targeted outreach about university reporting did not provide sufficient justification to support departing from AASB 18 or the revised AASB 107.

The Board noted that the proposals might need to be presented in more than one Exposure Draft to best target relevant groups of stakeholders to obtain the most useful feedback.

Action:

Staff

## Conceptual Framework – Not-for-Profit Amendments

### Agenda Item 4

In its redeliberations of the proposals in Exposure Draft ED 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*, the Board decided that:

- (a) the *Conceptual Framework for Financial Reporting (Conceptual Framework)* and Australian Accounting Standards should, as exposed in ED 334, apply to not-for-profit (NFP) entities that:
- (i) are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards;
  - (ii) are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the document was created or amended on or after the date a Standard incorporating these proposals first becomes effective; or
  - (iii) elect to prepare general purpose financial statements;
- (b) the *Conceptual Framework* should include the ‘Aus’ paragraphs exposed in ED 334, except that proposed paragraph Aus6.56.1 regarding the relationship between cash flows and measurement bases should be redrafted to improve its clarity and alignment to the related IASB-originated paragraphs; and
- (c) the special purpose financial statements of NFP entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards should include the AASB 1054 disclosures as proposed in ED 334.

Action:

Staff

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## Not-for-Profit Private Sector Financial Reporting Framework (Tier 3)

### Agenda Item 5

The Board continued its redeliberations of certain proposals exposed in Exposure Draft ED 335 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*. The Board decided to finalise the following Tier 3 requirements as exposed in ED 335:

- (a) Section 1: *Objective, Scope and Application*, except to clarify that the requirements of the topic-based Accounting Standards referred to in paragraph 1.3 apply only to those specified transactions, events and other conditions within that Standard's scope;
- (b) Section 2: *Financial Statement Presentation*;
- (c) Section 3: *Statement of Financial Position*, except to include additional guidance in paragraph 3.11 on the disclosures required about an entity's liabilities with covenants;
- (d) Section 4: *Statement of Profit or Loss and Other Comprehensive Income*, except to permit the presentation of the analysis of expenses using a classification based on both the nature and function of expenses if this provides information that is the most useful structured summary of an entity's expenses;
- (e) Section 5: *Statement of Changes in Equity and Statement of Income and Retained Earnings*;
- (f) Section 6: *Statement of Cash Flows*, except to clarify:
  - (i) in paragraph 6.4(g) – that cash receipts from investments, and cash receipts from and payments under loans, are cash flows from operating activities when those investments or loans are held for dealing or trading purposes; and
  - (ii) the difference between the alternative approaches to presenting cash flows from operating activities under the indirect method, by including "relevant" before "revenue and expenses" in paragraph 6.9;
- (g) Section 7: *Notes to the Financial Statements*;
- (h) Section 9: *Accounting Policies, Estimates and Errors*, except to require the 'full' retrospective correction of prior period errors and for the related disclosures to align with those specified by Tier 2 reporting requirements;
- (i) Section 11: *Fair Value Measurement*, except for removing "in general" from paragraph 11.7 to limit when an entity would need to consider whether a different use by market participants would maximise the value of the asset;
- (j) Section 12: *Inventories*, except to:
  - (i) clarify that the accounting policy choice for the initial measurement of non-financial assets acquired at significantly less than fair value can be made for each individual item;

- (ii) remove the reference to education/training course materials under development from paragraph 12.2;
- (iii) add a reference to net realisable value in paragraph 12.4; and
- (iv) relocate paragraphs 12.6 and 12.7 on measuring a loss of service potential for inventories held for distribution to Section 23 and clarify that the measurement of recoverable amount for such inventories is required when one of the impairment indicators in paragraph 23.3 is present;
- (k) Section 14: *Investment Property* and Section 15: *Property, Plant and Equipment*, except to:
  - (i) clarify in paragraph 15.1 that parts of Section 15 also apply to investment property for which an entity has chosen the cost model;
  - (ii) remove the reference to software, and include land and buildings as an example class of assets, in paragraph 15.11; and
  - (iii) not require the disclosure of commitments for repairs, maintenance or enhancements for investment property;
- (l) Section 18: *Leases*, except that lessees shall not separate the cost of services from lease payments;
- (m) Section 19: *Provisions and Contingencies*, except to clarify that provisions shall be measured at the entity's best estimate of the undiscounted amount to be paid;
- (n) Section 21: *Expenses*;
- (o) Section 22: *Borrowings*;
- (p) Section 24: *Employee Benefits*;
- (q) Section 25: *Income Tax*;
- (r) Section 26: *Foreign Currency Translation*, except to clarify that exchange rate gains or losses on translating monetary asset and liability balances at the end of the reporting period are recognised in profit or loss;
- (s) Section 27: *Events Occurring after the Reporting Period*; and
- (t) Appendix A: *Glossary of Terms*, except to also include the equivalent Tier 2 terminology within the glossary of terms or within the body of the Tier 3 Standard where the same meaning is intended.

In addition, the Board made several editorial decisions regarding these Sections in response to the stakeholder feedback received.

Action:

Staff

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## Climate-related Financial Disclosure

### Agenda Item 6

The Board received an update on the ISSB's forthcoming Exposure Draft on *Proposed amendments to the SASB Standards* (SASB Exposure Draft) as part of their *Enhancing the SASB Standards* project.

The Board decided not to issue a domestic Exposure Draft based on a wraparound of the SASB Exposure Draft because:

- (a) issuing a domestic wraparound ED may create stakeholder confusion regarding the current voluntary status of the SASB Standards in Australia;
- (b) the SASB Exposure Draft focuses on amendments to particular elements of the SASB Standards when the full Standards have not yet been subject to domestic consultation in Australia;
- (c) the SASB Standards subject to enhancement as part of the SASB Exposure Draft are voluntarily applied by a small number of Australian entities, meaning only limited feedback would likely be collected if a domestic wraparound ED were issued; and
- (d) the proposed technical amendments to the SASB Standards have a broader scope than climate-related risks and opportunities as they focus on providing information about sustainability-related risks and opportunities to users.

The Board also decided to:

- (a) support ISSB-led engagement with Australian stakeholders on the proposed technical amendments in the SASB Exposure Draft; and
- (b) engage in targeted outreach with Australian stakeholders to inform a comment letter to the ISSB on the strategic considerations in the SASB Exposure Draft.

This topic is expected to be considered further at the October 2025 meeting.

Action:	Staff
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## Agenda Item 7

This agenda item was not used for this meeting.

## Sustainability Reporting

### Agenda Item 8

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

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## Research Update

### Agenda Item 9

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

- (a) progress on the following projects:
  - (i) Cash Flows Statement and Related Matters;
  - (ii) the upcoming agenda consultation;
  - (iii) NFP Public Sector Entities Climate-related Financial Disclosures; and
  - (iv) Intangible Assets;
- (b) progress on the post-implementation review projects;
- (c) the release of AASB Research Report 24 *Addressing Key Accounting Challenges*, which is a joint research project with the Malaysian Accounting Standards Board and CPA Australia;
- (d) the release of the following AASB SSRN Working Papers:
  - (i) Working Paper No. 25-04: *Materiality Revisited – Preparer and Auditing Conceptualizations in Financial and Sustainability Contexts*; and
  - (ii) Working Paper No. 25-05: *Connectivity and Boundaries of Climate-related Disclosures in Annual Reports*;
- (e) the upcoming 2025 AASB Research Forum, which will be held in Melbourne on 17 November 2025; and
- (f) the recent April 2025 Dialogue Series session, which discussed issues regarding the statement of cash flows. The next session is scheduled for July 2025, focusing on segment reporting.

Action:

Staff

## Documents Open for Comment

### Agenda Item 10

The Board noted its previous decisions about commenting on the consultative documents already issued by international standard-setting bodies. No new decisions were made by the Board.

## 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. No decisions were made.





## **Review of the Meeting**

Agenda Item 12 – discussed in private

The Board reviewed the conduct of the meeting.

## **Close of the Meeting**

The Chair closed the meeting at 4.00 pm on 3 July 2025.

## **Approval of Minutes**

Signed by the Chair as a correct record,  
this 19<sup>th</sup> day of August 2025.