



Project:	n/a	Meeting	November 2023 (M200)
Topic:	Documents open for comment by other organisations	Agenda Item:	10.1
		Date of the Agenda Paper:	13 November 2023
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		Decision-Making:	Low
		Project Status:	n/a

Objective of this paper

- The objective of this paper is to:
 - inform** the Board about consultative documents already issued or to be issued by other international standard-setting bodies; and
 - ask the Board to **decide** which consultative documents to provide feedback/comments on.

Reasons for bringing this paper to the Board

- The Board's strategy is to influence the work of the International Accounting Standards Board (IASB), the International Sustainability Standards Board (ISSB), the International Public Sector Accounting Standards Board (IPSASB) and other relevant international organisations with a goal of having the principles in the Standards issued by these organisations aligned, where relevant and possible.
- Historically, the Board has decided which consultation documents to comment on based on factors such as the relevance and importance of the consultation to the AASB's projects and strategies, the potential impact of the proposals on Australian constituents and the priority of projects as decided by the Board. This agenda paper will assist the Board in deciding which consultation documents it should comment on.

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

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
N/A	Proposed IFRS Taxonomy Update 1 International Tax Reform—Pillar Two Model Rules, Supplier Finance Arrangements and Lack of Exchangeability	October 2023		4 December 2023	<p>The IASB has published a proposed update to the IFRS Accounting Taxonomy 2023 to reflect recent amendments to the following IFRS Accounting Standards:</p> <ul style="list-style-type: none"> • <i>International Tax Reform—Pillar Two Model Rules</i>, which amended IAS 12 <i>Income Taxes</i> and was issued in May 2023; • <i>International Tax Reform—Pillar Two Model Rules</i>, which amended Section 29 of the <i>IFRS for SMEs Standard</i> and was issued in September 2023; • <i>Supplier Finance Arrangements</i>, which amended IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> and was issued in May 2023; and • <i>Lack of Exchangeability</i>, which amended IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> and was issued in August 2023. <p>The Proposed IFRS Taxonomy Update includes changes to the IFRS Accounting Taxonomy elements to reflect the new and amended disclosure requirements introduced by these amendments.</p> <p>Staff recommend the Board not to comment on the proposed update as the IFRS Accounting Taxonomy is not adopted in Australia in practice.</p> <p>Q1 Do Board members agree with the staff recommendation to not comment on the Proposed Update 1 International Tax Reform—Pillar Two Model Rules, Supplier Finance Arrangements and Lack of Exchangeability?</p>

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

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

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

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
IPSASB	<p>Consultation Paper Strategy and Work Program 2024–2028 Consultation</p>	3 October 2023	15 February 2024	<p>The Consultation Paper seeks stakeholder input on the IPSASB’s proposed strategic objective, the potential future development and maintenance projects to be considered by the IPSASB during 2024–2028 and the key sustainability themes the IPSASB should focus on.</p> <p>The IPSASB is proposing not to add new major financial reporting standard-setting projects to its 2024–2028 work program but to add maintenance activities, including adding a process to set up an Application Panel to assess IPSAS application challenges and to undertake post-implementation reviews of IPSAS.</p> <p>Given the current staff resource constraints, staff recommend the Board not to comment on the Consultation Paper. This is because:</p> <ul style="list-style-type: none"> the AASB has previously provided input about sustainability topics the IPSASB should prioritise after addressing climate-related reporting – to align with the ISSB’s work plan and to consider prioritising the consideration of the United Nations Sustainable Development Goals (see page 7 of the comment letter to

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				<p>the IPSASB on its <i>Consultation Paper Advancing Public Sector Sustainability Reporting</i>); and</p> <ul style="list-style-type: none"> key Australian public sector stakeholders, HoTARAC and ACAG, would usually provide comments directly to IPSASB on key consultation documents. Staff will inform HoTARAC and ACAG about this IPSASB Consultation Paper and encourage them to provide comments directly to the IPSASB. Staff will review their responses to the IPSASB and assess how that feedback might provide input on the AASB’s work program. <p>Q2 Do Board members agree with the staff recommendation to not comment on the IPSASB Consultation Paper?</p>
IPSASB	Exposure Draft ED 85 Improvements to IPSAS, 2023	16 October 2023	18 December 2023	<p>IPSASB ED 85 proposes amendments to IPSAS 1 <i>Presentation of Financial Statements</i>, based on amendments the IASB made to IAS 1 <i>Presentation of Financial Statements</i> to clarify the requirements for classifying liabilities as current or non-current and non-current liabilities with covenants.</p> <p>IPSASB ED 85 also proposes amendments to IPSAS 43 <i>Leases</i> based on modifications made to IFRS 16 <i>Leases</i> as part of the IASB’s Interest Rate Benchmark Reforms – Phase 2 and Lease Liability in a Sale and Leaseback projects. Proposed amendments to IPSAS 43 include:</p> <ul style="list-style-type: none"> providing practical expedients in relation to lease modifications that are caused by the global interest rate benchmark reforms; and adding requirements on how a seller-lessee accounts for a sale and leaseback after the transaction date. <p>Since the modifications made to IAS 1 and IFRS 16 have been adopted in the AASB-equivalent Standards, staff recommend the Board not to comment on the ED.</p> <p>Q3 Do Board members agree with the staff recommendation to not comment on the IPSASB ED 85?</p>

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

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
Chartered Instituted of Public Finance and Accountancy	INPAG Exposure Draft 2	26 September 2023	15 March 2024	<p>ED2 addresses some of the key accounting transactions that are relevant for NPO financial reporting to be included in the International Non-Profit Accounting Guidance (INPAG) by building on equivalent sections from the IFRS for SMEs Accounting Standard adding new NFP-specific sections with new terminology, including:</p> <ul style="list-style-type: none"> • Financial instruments; • Inventories; • Provisions and contingencies; • Revenue (Part 1 – revenue from grants and donations and Part 2 – Revenue from contracts with customers); • Expenses on grants and donations; • Borrowing costs; • Employee benefits; • Income tax; • Foreign currency translation; • Hyperinflation; • Events after the end of the reporting period; <p>ED2 also proposes to remove share-based payment from the guidance.</p> <p>The Australian Accounting Standards already set out financial reporting requirements for NFP entities preparing GPFS. Staff are reviewing the relevant sections of the INPAG in accordance with the approach to drafting the Tier 3 Exposure Draft agreed by the Board (see Agenda Paper 5.1 at this meeting). Staff will also consider whether future international guidance could be leveraged within future differential reporting for NFP private sector entities. Therefore, staff recommend the Board not to comment on this exposure draft. This is</p>

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				<p>consistent with the AASB not commenting on INPAG Exposure Draft 1 (released in November 2022). Staff will continue monitoring the developments and considering any impact on the local projects.</p> <p>Q4 Do Board members agree with the staff recommendation to not comment on the INPAG Exposure Draft 2?</p>
<p>Blueprint Expert Reference Group (BERG)</p>	<p>NFP Sector Development Blueprint Issues Paper</p>	<p>1 November 2023</p>	<p>20 December 2023</p>	<p>In collaboration with the Department of Social Services, the Community Services Advisory Group (CSAG) established BERG to develop the NFP Blueprint. The BERG will deliver advice to the government including the development of a fully consulted Blueprint charting out a better future for the Australian NFP and charities sector. The Issues Paper is seeking feedback on the principles and priorities of a Blueprint for Australia’s NFP sector.</p> <p>The Issues Paper (accompanied by a summary vision document) seeks views from stakeholders on range of topics, including:</p> <ul style="list-style-type: none"> • Measurement, outcomes and quality of services • Philanthropy and volunteering • Governance, organisation and legal environment <p>Broader AASB strategy, research program, standard-setting work plan and several AASB projects in particular, such as NFP Private Sector Financial Reporting Framework (including the development of Tier 3 requirements) and Service Performance Reporting may be important considerations for the NFP Blueprint project as the Issues Paper comments on the lack of bespoke accounting standard for charities, challenges regarding the outcomes measurement, mosaic of regulatory requirements, cost of grant administration and compliance and the lack of publicly available sector data beyond charities.</p> <p>Staff recommend that the AASB comments on the Issues Paper to note the projects on the AASB work program that may interact with the NFP Blueprint and also to express continued support to harmonise NFP requirements to enable consistent criteria and thresholds for financial reporting requirements (in line with the AASB comments to the Treasury consultations on the ACNC-registered</p>

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
				charities reporting thresholds in March 2021 and on the remake of ACNC Regulations in August 2022).
				Q5 Do Board members agree with the staff recommendation to comment on the BERG NFP Blueprint Issues Paper?

Forthcoming documents for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
IASB	ED on Financial Instruments with Characteristic of Equity	November 2023	March 2024	<p>The IASB tentatively decided to explore making clarifying amendments to IAS 32 Financial Instruments: Presentation to address common accounting challenges that arise in practice when applying IAS 32. The IASB aims to address those challenges by clarifying some underlying principles in IAS 32 and adding application guidance to facilitate consistent application of those principles. In addition, it intends to further develop some presentation and disclosure requirements.</p> <p>The IASB decided to set a comment period of 120 days for the FICE exposure draft.</p> <p>Staff recommend that the AASB comments to the IASB on the Exposure Draft as the changes to the standard will be pervasive and are expected to affect many Australian entities.</p>
				Q6 Do Board members agree with the staff recommendation to comment on the forthcoming IASB Exposure Draft, subject to submissions received from stakeholders?
IASB	ED on Business Combinations – Disclosures, Goodwill and Impairment	Q1 2024	TBC	<p>The project is focused on improvements to the disclosure requirements relating to business combinations and changes to the impairment test of cash-generating units containing goodwill in IAS 36.</p> <p>The IASB decided to set a comment period of 120 days for the Exposure Draft.</p>

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
				<p data-bbox="1072 304 2056 424">Staff recommend that the AASB comments to the IASB on the Exposure Draft as the changes proposed in the ED are pervasive and are likely to affect many Australian entities.</p> <p data-bbox="1072 424 2056 529">Q7 Do Board members agree with the staff recommendation to comment on the forthcoming IASB Exposure Draft, subject to submissions received from stakeholders?</p>