



**Subject:** Minutes of the 182<sup>nd</sup> meeting of the AASB  
**Venue:** Videoconference  
**Time(s):** Wednesday, 4 August 2021, 9.55 am – 1.10 pm

All agenda items were discussed in public, except for items 1 and 7.

## Attendance

Members  
Keith Kendall (Chair)  
Carolyn Cordery  
Peter Gibson  
James Grant  
Dean Hanlon  
David Holland  
Toby Langley  
Paul Rogers  
Caroline Spencer (except for part of meeting)  
Stephen Taylor

Apologies  
Mike Blake (Observer, IPSASB Member)  
Caroline Spencer (9.55 am – 12.00 pm)  
Alison White (Deputy Chair)

### *In attendance*

Staff  
Clark Anstis  
Patricia Au  
Kimberley Carney  
Nikole Gyles  
Fridrich Housa  
Eric Lee  
Ao Li  
Tom Liassis  
Maggie Man  
Helena Simkova  
James Wake  
Justin Williams (part of meeting)

Other  
Evelyn Ling – agenda item 3  
Jim Paul – agenda item 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 Interest, Minutes and Approvals Out of Session**

Agenda Item 2

### ***Apologies***

Apologies for the full meeting were noted for Alison White and Mike Blake (Observer). An apology for part of the meeting was noted for Caroline Spencer.

### ***Declarations of Interest***

Members indicated that, in the normal course of their day-to-day professional responsibilities, they deal with a broad range of financial reporting issues. Members have adopted the standing policy in respect of declarations of interest 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 one hundred and eighty-first meeting, held on 21-22 June 2021.

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

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

- AASB 2021-4 *Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors*; and
- Exposure Draft ED 311 *Management Commentary*.

## **Business Combinations under Common Control**

Agenda Item 3

The Board deliberated its response to IASB Discussion Paper DP/2020/2 *Business Combinations under Common Control*. The Board decided its submission should support the project scope including transfers preceded or followed by an acquisition from or sale to an external party and transfers conditional on an initial public offering (IPO). In addition, the Board considered the IASB should address other aspects currently outside the project scope (e.g. reporting by the transferring company, transfers of businesses within a jointly controlled group, and transfers of interests in an associate), whether as part of the current project or another project.



Regarding the selection of measurement method proposed, the Board decided its submission should recommend the IASB consider in its redeliberations situations where flexibility in measurement method might be warranted (e.g. whether a wholly-owned entity preparing for an IPO should be permitted to apply the acquisition method instead of the book-value method).

When considering the book-value method, the Board disagreed with the Discussion Paper proposal to measure the transferred assets and liabilities at the book values of the transferring company. Instead, the Board prefers the use of the book values of the controlling party.

The Board expressed support for other proposals in the Discussion Paper relating to the acquisition method, the book-value method and disclosures.

A subcommittee of the Board will finalise the submission out of session.

Action: Staff

## **Not-for-Profit Private Sector Financial Reporting Framework**

### Agenda Item 4

The Board decided to specify that the primary objective in developing Tier 3 reporting requirements is to develop simplified financial reporting requirements that meet the needs of users of financial statements of smaller not-for-profit (NFP) entities. To recognise that comparability considerations do not conflict with this primary objective, the Board agreed to amend one of the principles against which it will form its views on Tier 3 reporting requirements – to be included in a Discussion Paper (DP) – to read as follows:

where possible, leverage the information management uses to make decisions about the entity's operations. The ability to leverage the information management uses is made within the context of the NFP conceptual framework, user needs and cost/benefit considerations, and the aim for comparability within Tier 3 reporting requirements.

The Board decided to propose, for the purpose of the DP:

- permitting Tier 3 entities to change accounting policies voluntarily if the change results in financial statements providing more reliable and relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows; and
- requiring a limited retrospective approach for accounting for changes in accounting policies (both voluntary changes, and required changes where no specific transition requirements apply) and for corrections of errors. The limited retrospective approach recognises the cumulative effects on prior periods in the current period's opening retained earnings, without restating the comparative period(s).

The Board supported the revised project timeline, with publication of the DP expected in the second half of 2022.

Action: Staff



## IPSASB Exposure Drafts on Public Sector Measurement

### Agenda Item 5

The Board considered a draft submission to the IPSASB on Exposure Drafts ED 76 *Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements* and ED 77 *Measurement*, primarily regarding the core principles of the proposed current operational value (COV) measurement basis.

Subject to considering further feedback on AASB Invitation to Comment ITC 45, the Board decided that its submission to the IPSASB should include the following comments:

- (a) the IPSASB has not made a convincing case in ED 76 and ED 77 for rejecting fair value as the current value measurement basis for operational capacity assets;
- (b) ED 76 and ED 77 are unclear whether COV is a measure of the cost required to replace the service potential of an asset or an intrinsic value to the entity of an asset's remaining service potential;
- (c) the Board recommends that the IPSASB clarifies whether an asset's COV incorporates its residual value; and
- (d) the selection of the measurement approach under fair value measurement of restricted operational capacity assets should be in accordance with the general principles in IFRS 13 *Fair Value Measurement*, without imposing further constraints.

The Board also decided to note in its submission the IASB's explanation of the concepts of 'market participants in a hypothetical transaction' and 'highest and best use' in IFRS 13 as a basis for supporting the general view that fair value is appropriate even for specialised assets of not-for-profit public sector entities, as well as acknowledging that additional guidance has been requested by Australian stakeholders to assist with the application of these concepts.

The Board will continue its deliberations on the IPSASB Exposure Drafts at the next meeting.

Action: Staff

## Documents Open for Comment

### Agenda Item 6

The Board decided not to comment on the IFRS Interpretation Committee's tentative agenda decisions on Economic Benefits from Use of a Windfarm and European Targeted Longer-Term Refinancing Operations (TLTRO III) Transactions.

The Board noted its previous decisions about commenting on the consultative documents already issued by other international standard-setting bodies.

Action: Staff



## **Review of the Meeting**

Agenda Item 7 – discussed in private

The Board reviewed the conduct of the meeting.

## **Close of Meeting**

The Chair closed the meeting at 1.10 pm on Wednesday, 4 August 2021.

## **Approval of Minutes**

Signed by the Chair as a correct record,  
this 8<sup>th</sup> day of September 2021