



AASB Action Alert

From the Australian Accounting Standards Board

Issue No: 218
11 November 2022

Welcome to the AASB Action Alert

The AASB Board met in public via videoconference on 10 November 2022. At the meeting the Board made key decisions in relation to:

[Lease Liability in a Sale and Leaseback](#)

[Insurance Activities in the Public Sector – Consequential Amendments](#)

The Board also discussed the following topics

[Auditor Engagement Disclosures](#)

[Sustainability Reporting](#)

[AASB 1060 and Proposed IASB Amendments to IFRS for SMEs](#)

Lease Liability in a Sale and Leaseback

The Board voted to make AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*. AASB 2022-5 amends AASB 16 *Leases* to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments apply to reporting periods beginning on or after 1 January 2024, with earlier application permitted.

AASB 2022-5 incorporates the amendments recently made by the IASB in IFRS Standard *Lease Liability in a Sale and Leaseback*.

Insurance Activities in the Public Sector – Consequential Amendments

The Board decided to consider a ballot draft of an amending Standard AASB 2022-X *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* for voting at its December 2022 meeting, in conjunction with a ballot draft of another amending Standard that would

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amend AASB 17 *Insurance Contracts* for application by public sector entities for periods beginning on or after 1 July 2025. Earlier application will be permitted.

The Board considered the feedback received on the Fatal-Flaw Review draft version of the proposed Standard AASB 2022-X, which was issued in March 2022 for comment. No formal submissions were received, however the informal feedback supported the proposed amendments. Accordingly, the Board decided to proceed with the amendments.

The Board reviewed a revised draft of the consequential amendments Standard AASB 2022-X, which would:

- (a) amend various Standards to permit public sector entities to continue applying AASB 4 *Insurance Contracts* and AASB 1023 *General Insurance Contracts* to annual periods beginning on or after 1 January 2023 but before 1 July 2025; and
- (b) withdraw AASB 1038 *Life Insurance Contracts* and Interpretation 1047 *Professional Indemnity Claims Liabilities in Medical Defence Organisations* for annual periods beginning on or after 1 January 2023, as those pronouncements would cease to have any application when for-profit entities apply AASB 17 instead for such periods.

Auditor Engagement Disclosures

The Board received an update on the progress of the recent New Zealand Accounting Standards Board (NZASB) Exposure Draft ED 2022-9 *Disclosure of Fees Paid to Audit Firms*, which proposes amendments to FRS-44 *New Zealand Additional Disclosures*. The NZASB Exposure Draft proposes requiring disclosure of fees incurred for services received from each audit or review firm for each of the following categories:

- (a) audit or review of financial statements; and
- (b) other non-audit or review services:
 - (i) audit or review related services;
 - (ii) other assurance services;
 - (iii) taxation services; and
 - (iv) other services.

The Board directed staff to continue monitoring the progress of the NZASB project and consider the suitability of the New Zealand proposals for Australian circumstances.



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Sustainability Reporting

The Board considered the summary of the feedback received on ED 321 *Request for Comment on [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and [Draft] IFRS S2 Climate-related Disclosures*, covering both the draft IFRS S1 and S2 Sustainability Disclosure Standards and the Australian-specific matters for comment. No decisions were made. The Board also received an update on international and jurisdictional sustainability reporting developments.

AASB 1060 and Proposed IASB Amendments to IFRS for SMEs

The Board gave initial consideration to IASB Exposure Draft ED/2022/1 *Third edition of the IFRS for SMEs Accounting Standard*. Although the *IFRS for SMEs Accounting Standard* is not applicable in Australia, when finalising AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* the Board noted that amendments by the IASB to the *IFRS for SMEs Accounting Standard* would necessitate a review of the related disclosure requirements of AASB 1060.

In respect of the IASB's proposals, the Board decided:

- (a) not to issue ED/2022/1 as an AASB Exposure Draft, so that stakeholders were not asked to comment to the AASB (however, they might choose to comment directly to the IASB);
- (b) to undertake targeted outreach to obtain stakeholder views on the proposed amendments to the definition of public accountability;
- (c) to comment to the IASB on the proposed amendments to the definition of public accountability and any other matters identified as being particularly relevant to Australian stakeholders. The comment letter will be approved out of session via a subcommittee of the Board; and
- (d) to monitor relevant literature but not perform further research about the suitability of the *IFRS for SMEs Accounting Standard* for entities without public accountability in Australia at this stage.

Recently Approved Documents

Since last reported, the Board has approved the following Standards, Exposure Drafts or other proposal documents.



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Date Approved	Document	Effective Date (Standards/Int'ns) or Due Date for Submissions (EDs)
19 September 2022	Discussion Paper <i>Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities)</i>	31 March 2023
28 September 2022	ITC 49 Post-implementation Review of AASB 1059 <i>Service Concession Arrangements: Grantors</i>	28 February 2023
12 October 2022	Fatal-Flaw Review Draft version of AASB 2022-X <i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	11 November 2022
25 October 2022	Fatal-Flaw Review Draft version of AASB 2022-Y <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	11 November 2022
10 November 2022	AASB 2022-5 <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i>	1 January 2024

Documents Open for Comment

The following documents are open for comment. AASB submissions to the IASB, the ISSB, the IFRS Interpretations Committee, the IFRS Foundation or the IPSASB are published on the AASB website.

Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
AASB	Fatal-Flaw Review Draft version of AASB 2022-X Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	AASB 2022-X	11 November 2022	–
AASB	Fatal-Flaw Review Draft version of AASB 2022-Y Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	AASB 2022-Y	11 November 2022	–
IPSASB	ED 83 Reporting Sustainability Program Information – RPGs 1 and 3: Additional Non-Authoritative Guidance	–	–	16 January 2023



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Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
AASB	ITC 49 Post-implementation Review of AASB 1059 Service Concession Arrangements: Grantors	ITC 49	28 February 2023	–
IASB	Exposure Draft ED/2022/1 Third edition of the IFRS for SMEs Accounting Standard	–	–	7 March 2023
AASB	Discussion Paper Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities)	–	31 March 2023	–

Future AASB Board Meeting Dates

14-15 December 2022

1 February 2023

8-9 March 2023

3 May 2023

21-22 June 2023

9 August 2023

13-14 September 2023

11 October 2023

29-30 November 2023

December 2022 AASB meeting

At the next Board meeting, it is expected the Board will address the following items:

Auditor Engagement Disclosures

Fair Value Measurement for Not-for-Profit Public Sector Entities

Insurance Activities in the Public Sector

Intangibles Reporting

Service Performance Reporting

Sustainability Reporting