



AASB Action Alert

From the Australian Accounting Standards Board

Issue No: 222

9 May 2023

Welcome to the AASB Action Alert

The AASB Board met in public via videoconference on 4 May 2023. At the meeting, the Board made key decisions in relation to:

[Not-for-Profit Private Sector Financial Reporting Framework](#)

[Service Performance Reporting](#)

[Post-implementation Review of Selected Public Sector Pronouncements](#)

The Board also discussed the following topics:

[Post-implementation Review of AASB 1056](#)

[Converting AASB 1056 to a Legislative Instrument](#)

[Sustainability Reporting](#)

[Research Update](#)

Not-for-Profit Private Sector Financial Reporting Framework

The Board considered a preliminary analysis of the feedback received on the Discussion Paper *Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities)* and decided to proceed with the development of an Exposure Draft on:

- (a) a Tier 3 Accounting Standard with simplified accounting requirements for smaller not-for-profit private sector entities; and
- (b) removing the ability of certain not-for-profit entities to prepare special purpose financial statements under Australian Accounting Standards.

The Board decided, to the extent consistent with the project objective to develop simplified and proportionate requirements for smaller not-for-profit private sector entities and in line with the principles

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the Board applies in this regard, to use the following sources as a starting point for drafting the recognition and measurement proposals:

- (a) if consistent with Tier 2 requirements – compatible requirements in the *IFRS for SMEs Accounting Standard*, complemented by the International Non-Profit Accounting Guidance (INPAG) proposals or, in their absence, the UK Financial Reporting Standard FRS 102 and the UK Charities Statement of Recommended Practice; and
- (b) if different to Tier 2 requirements – compatible requirements in other jurisdictions and frameworks or, in their absence, adapting the *IFRS for SMEs Accounting Standard* requirements and/or INPAG proposals as considered appropriate.

In order to achieve the objective of the project, further simplification including language is likely to be needed and would be derived primarily from consideration of the New Zealand Tier 3 Standard.

The Board will consider the application of this approach to selected Tier 3 topics at a future meeting.

Service Performance Reporting

The Board considered a range of preliminary issues relating to developing a project plan for this reactivated project.

The Board decided to use the New Zealand Accounting Standard NZ PBE FRS 48 *Service Performance Reporting* as the primary point of reference for detailed work on this project. This decision was made in the context of adopting the following working assumptions:

- (a) the Board will collaborate with regulators and stakeholders when undertaking the project;
- (b) the relationship of the project to and potential overlap with other projects, including the sustainability reporting and management commentary projects, will be continually reassessed;
- (c) at least initially, the scope of the project will include not-for-profit entities in the public and private sectors;
- (d) differential reporting requirements for entities preparing Tier 1 and Tier 2 general purpose financial statements may not be needed if the project results in a scalable, principles-based pronouncement. Tier 3 considerations will be assessed in due course; and
- (e) a working definition of 'service' should be developed to help ensure a common understanding of the project scope.

The Board will decide on any working assumptions, as appropriate, on other aspects of the project at a later stage of the project, including:



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- (a) the relationship of service performance reporting to general purpose financial reporting and assurance requirements, noting that any resulting pronouncement would be expected to be capable of assurance;
- (b) the mandatory or voluntary status of a resulting pronouncement; and
- (c) the nature of the next due process document.

The appropriateness of NZ PBE FRS 48 as the primary point of reference and the working assumptions will be reassessed as the project progresses and further information becomes available through further research and stakeholder outreach.

The Board will consider a draft project plan at a future meeting.

Post-implementation Review of Selected Public Sector Pronouncements

The Board received an update on its Post-implementation Review (PIR) projects.

Regarding the PIR of selected public sector pronouncements, the Board approved the issue of an Invitation to Comment (ITC) for a 150-day comment period. The ITC will address the topics of administered items, land under roads (AASB 1051), disaggregated disclosures, contributions, budgetary reporting (with respect to not-for-profit entities in the General Government Sector), control of assets and the nature of government departments (including discussion of whether government departments are reporting entities). A subcommittee of the Board will finalise the ITC out of session.

Post-implementation Review of AASB 1056

The Board considered initial feedback obtained from stakeholders during the planning phase of the PIR of AASB 1056 *Superannuation Entities* and Interpretation 1019 *The Superannuation Contributions Surcharge* and directed staff to continue with targeted outreach. The Board will consider a draft consultation document at a future meeting.

Converting AASB 1056 to a Legislative Instrument

The Board decided to publish a “Fatal-Flaw Review Draft” of a proposed reissued AASB 1056 *Superannuation Entities* for stakeholder comment. It will be open for comment for a four-week period.

The Standard needs to be reissued as a legislative instrument under section 334 of the *Corporations Act 2001* to support forthcoming amendments to the Act that will require registrable superannuation entities to prepare annual financial statements that comply with Australian Accounting Standards.



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Sustainability Reporting

The Board received an update on international and jurisdictional sustainability reporting developments, including the work of the International Sustainability Standards Board (ISSB), the Global Reporting Initiative (GRI) and the International Public Sector Accounting Standards Board (IPSASB).

Research Update

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

- (a) the release of AASB Research Report 18 *AASB 17 Insurance Contracts – Presentation, Disclosure, Transition and Other Accounting Policy Decisions: A Survey on Australian Insurance Entities*;
- (b) the publication of a paper aiming to improve the visibility of soil health in corporate reporting, featured in the AASB SSRN Working Papers Series;
- (c) the May 2023 AASB-AUASB Dialogue Series session, to be held in collaboration with CPA Australia and CA ANZ, which will focus on issues related to going concern disclosures in financial reports and the corresponding responsibilities of auditors;
- (d) a joint panel session with other international standard-setters, to be held at the June 2023 International Conference of the Journal of International Accounting Research;
- (e) the AASB Academic Advisory Panel meeting in April 2023, which discussed future directions; and
- (f) progress in researching digital assets, intangible assets and going concern disclosures.

Recently Approved Documents

Since last reported (14 March 2023), the Board has approved the following Standards, Exposure Drafts or other proposal documents.

Date Approved	Document	Effective Date (Standards/Int'ns) or Due Date for Submissions (EDs)
16 March 2023	ED 323 Disclosure of Non-current Liabilities with Covenants – Proposed Amendments to Tier 2	22 May 2023
27 March 2023	ED 324 Amendments to the Classification and Measurement of Financial Instruments	31 May 2023



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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, the IPSASB and other organisations are published on the AASB website.

Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
IPSASB	ED 84 Concessionary Leases and Right-of-Use Assets In-kind	–	–	17 May 2023
AASB	ED 323 Disclosure of Non-current Liabilities with Covenants – Proposed Amendments to Tier 2	ED 323	22 May 2023	–
IFRS IC	Tentative Agenda Decision Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)	–	–	22 May 2023
IFRS IC	Tentative Agenda Decision Guarantee over a Derivative Contract (IFRS 9)	–	–	22 May 2023
IFRS IC	Tentative Agenda Decision Homes and Home Loans Provided to Employees	–	–	22 May 2023
AASB	ED 324 Amendments to the Classification and Measurement of Financial Instruments	ED 324	31 May 2023	19 July 2023 (IASB)
ISSB	Request for Information Consultation on Agenda Priorities	–	–	1 September 2023

AASB Board Future Meeting Dates

21-22 June 2023

9 August 2023

13-14 September 2023

11 October 2023

29-30 November 2023

June 2023 AASB meeting

The Board is expected to address the following agenda items:

Not-for-Profit Private Sector Financial Reporting Framework

AASB 1056 *Superannuation Entities* PIR

AASB 1059 *Service Concession Arrangements: Grantors* PIR

Non-current Liabilities with Covenants – Tier 2

Franking Credits

Sustainability Reporting – ISSB Request for Information on Agenda Priorities and Exposure Draft on the Methodology for Internationalising SASB Standards

Climate-related Financial Disclosure