



Subject: Minutes of the 208th meeting of the AASB
Venue: Dexus Place, Melbourne, and via Videoconference
Held: Thursday, 5 September 2024, 10.00 am – 4.30 pm
Friday, 6 September 2024, 10.00 am – 12.20 pm

All agenda items were discussed in public, except for items 1 and 11.

Attendance

Members
Keith Kendall (Chair)
Stephen Taylor (Deputy Chair)
Carolyn Cordery
James Grant (part of meeting; via videoconference)
Dean Hanlon
David Holland (part of meeting; via videoconference)
Adrian King
Toby Langley
Liza Maimone
Mathew Nelson (part of meeting)
Moana Overton
Paul Rogers

Apologies
James Grant (Day 1: 1.10 pm – 4.30 pm, Day 2: 11.50 am – 12.20 pm)
David Holland (Day 1: 3.00 pm – 4.30 pm)
Mathew Nelson (Day 2: 11.10 am – 12.20 pm)
Sean Osborn
Caroline Spencer

In attendance

Staff
Clark Anstis
Patricia Au
Kimberley Carney (via videoconference on Day 2)
Tom Frick
Charis Halliday
Fridrich Housa
Kathleen John
Eric Lee
Lan Lu (via videoconference)
Maggie Man
Lachlan McDonald-Kerr
Sabine Schuhrer
Helena Simkova
Angus Thomson
Hang Tran
Jia Wei
Justin Williams
Abigail Xu
Nayoung Yoon

Other
Robert Keys – agenda item 7 (via videoconference)
Evelyn Ling – agenda item 5
Jim Paul – agenda items 3 and 5 (via videoconference)



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, Minutes and Approvals Out of Session

Agenda Item 2

Apologies

Apologies were noted from Sean Osborn and Caroline Spencer. Apologies were noted from James Grant, David Holland and Mathew Nelson for parts of the meeting.

Declarations of Interests

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 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 seventh meeting, held on 26 August 2024.

Approvals Out of Session

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

Not-for-Profit Private Sector Financial Reporting Framework

Agenda Item 3

The Board continued its review of a draft Exposure Draft (ED) of a proposed Tier 3 financial reporting framework for not-for-profit (NFP) private sector entities and made the following key decisions regarding the proposals to be included in the ED:

First-time adoption

- (a) the proposed disclosures for first-time adopters of the Tier 3 reporting requirements, including those for comparative periods, are required to the extent practicable, with disclosure of the existence of any omissions due to impracticability;



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- (b) for first-time adopters of the Tier 3 Standard, to extend the disclosure requirements for entities that elect to apply the transitional provisions in Section 29: *Transition to General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities* to entities that elect to initially adopt the Tier 3 Standard directly by applying a modified retrospective approach in Section 9: *Accounting Policies, Estimates and Errors*, including the following disclosures (when relevant):
- (i) how the transition from the entity’s previous financial reporting framework to the Tier 3 Standard affected its reported financial position, financial performance and cash flows – including the nature of each change in accounting policy, unless the first-time adopter’s most recent previous financial statements were special purpose financial statements;
 - (ii) that the entity has applied an exemption from disclosing comparative information for the previous comparable period if it did not disclose comparative information in its most recent previous financial statements or did not distinguish corrections of prior period errors from changes in accounting policies;
 - (iii) that comparative information is presented on a different basis than the basis required by the Tier 3 Standard for subsequent periods; and
 - (iv) that the entity did not present financial statements for previous periods;
- (c) for first-time adopters of the Tier 3 Standard that elect to apply the transitional provisions in Section 29, comparative period information need not be restated, and an entity may elect in its first financial statements prepared using the Tier 3 Standard to include:
- (i) a reconciliation of equity determined in accordance with its previous financial reporting framework to its equity determined in accordance with the Tier 3 Standard; and
 - (ii) a reconciliation of the profit or loss determined in accordance with its previous financial reporting framework for the latest period in the entity’s most recent annual financial statements to its profit or loss determined in accordance with the Tier 3 Standard for the same period;

Changes in accounting policies and corrections of errors

- (d) when it is impracticable for an entity to determine the cumulative effect, as at the beginning of the current period, of applying a new accounting policy to all prior periods or correcting a prior-period error, the entity would:
- (i) adjust the opening balances of assets, liabilities and items of equity to reflect application of the new accounting policy or correction of the error prospectively from the earliest date practicable; and
 - (ii) disregard the portion of the cumulative adjustments to assets, liabilities and items of equity arising before that date.



In addition, the entity need not disclose an explanation of why it is impracticable to determine the full amount of adjustments to the opening balances for the current period;

Entity combinations

- (e) if a combining entity in an entity combination received a non-financial asset before the combination without paying any consideration in return and elected to initially measure that asset at cost (i.e. nil) in accordance with the Tier 3 Standard, the donated asset is not required to be measured at its fair value as at the deemed combination date;
- (f) to include combinations with operating units in the scope of the Tier 3 Standard's requirements for entity combinations;
- (g) not to include guidance on the presentation of comparative information for periods prior to the combination date;

Other requirements or features

- (h) to include references that an entity applying the Tier 3 Standard applies the requirements of other applicable Australian Accounting Standards in addition to AASB 9 *Financial Instruments* to account for more complex financial instruments and financial instruments not commonly held by Tier 3 NFP private sector entities identified in Section 10: *Financial Instruments*;
- (i) not to include guidance on the impairment of cash-generating units;
- (j) not to specifically require entities to apply AASB Interpretation 12 *Service Concession Arrangements*, in relation to accounting by an operator in a service concession arrangement;
- (k) to retain the glossary of terms, including cross-references to definitions in the body of the Tier 3 Standard – and to seek stakeholder feedback on whether this approach would be more helpful than including complete definitions in the body of the Standard as well as in the glossary of terms;
- (l) to include a non-mandatory illustrative example of a possible methodology for calculating long service leave expense;
- (m) to seek stakeholder feedback on whether guidance on presenting an analysis of expenses using a classification based on either their nature or function within the entity would be more helpful than developing a more principles-based approach requiring expenses to be disaggregated in a manner that provides useful information consistently to users of the financial statements;

Consequential amendments to other Standards

- (n) to amend AASB 1053 *Application of Tiers of Australian Accounting Standards* to:
 - (i) restrict the scope of Tier 3 reporting requirements for entities applying Australian Accounting Standards to general purpose financial statements of NFP private sector entities that do not



have public accountability and are not prohibited from applying Tier 3 reporting requirements by the relevant legislation, constituting document or other document;

- (ii) require entities applying the Tier 3 reporting requirements for the first time to apply the first-time application requirements set out in the Tier 3 Standard;
- (iii) require entities reapplying the Tier 3 reporting requirements to apply:
 - (A) all relevant first-time application requirements set out in the Tier 3 Standard if the entity did not apply all applicable recognition and measurement requirements of the Tier 3 Standard in its most recent financial statements; or
 - (B) the Tier 3 reporting requirements directly (i.e. without applying the Tier 3 Standard's first-time application requirements) if the entity applied all applicable recognition and measurement requirements of the Tier 3 Standard in its most recent financial statements; and
- (o) to amend AASB 1057 *Application of Australian Accounting Standards* to list the Australian Accounting Standards and Interpretations that would not be applicable to entities applying the Tier 3 Standard.

The Board decided the ED will have a comment period of at least 120 days and will be issued in conjunction with the ED on the proposed NFP amendments to the *Conceptual Framework for Financial Reporting*.

The Board delegated the finalisation and approval of the ED to a sub-committee.

Action:	Staff
	Sub-committee

Annual Improvements

Agenda Item 4

The Board voted to make Accounting Standard AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*, which amends AASB 1 *First-time Adoption of Australian Accounting Standards*, AASB 7 *Financial Instruments: Disclosures*; AASB 9 *Financial Instruments*; AASB 10 *Consolidated Financial Statements* and AASB 107 *Statement of Cash Flows*. This Standard makes minor improvements to the five Standards to address inconsistencies or to clarify requirements.

The Standard applies to annual periods beginning on or after 1 January 2026, with earlier application of the amendments to individual Standards permitted.

Action:	Staff
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Conceptual Framework – Not-for-Profit Amendments

Agenda Item 5

The Board reviewed a draft ED on extending the application of the *Conceptual Framework for Financial Reporting* to certain NFP entities and limiting their ability to prepare special purpose financial statements. The Board made the following key decisions regarding the proposals to be included in the ED:

- (a) to amend the application clauses of Australian Accounting Standards to extend the scope of the Standards to NFP entities that will be within the scope of the *Conceptual Framework for Financial Reporting*;
- (b) with respect to NFP entities, to amend AASB 1054 *Australian Additional Disclosures* to require only NFP private sector entities that are required only by a constituting document or other document to prepare financial statements that comply with Australian Accounting Standards to disclose the following information in special purpose financial statements, where prepared:
 - (i) the entity is an NFP entity;
 - (ii) the financial statements are special purpose financial statements and the basis on which they have been prepared; and
 - (iii) information to help users understand the extent to which the financial statements are consistent with the recognition and measurement requirements set out in Australian Accounting Standards, including information about material accounting policies and changes in those policies; and
- (c) to extend paragraph 20A of AASB 1053 *Application of Tiers of Australian Accounting Standards* so that NFP entities that currently do not present consolidated financial statements in their Tier 2 general purpose financial statements on the basis that neither the parent nor the group is a “reporting entity” will be able to apply either AASB 1 *First-time Adoption of Australian Accounting Standards* or Tier 2 reporting requirements directly using the requirements in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* in presenting their first consolidated financial statements in their Tier 2 GPFS.

The Board decided the ED will have a comment period of at least 120 days and delegated the finalisation and approval of the ED to a sub-committee.

Action:

Staff

Sub-committee



Post-implementation Review – AASB 1060 and AASB 2020-2

Agenda Item 6

The Board decided to conduct the post-implementation review of AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and AASB 2020-2 *Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* in Q3 2025, along with outreach activities on AASB 18 *Presentation and Disclosure in Financial Statements* and IFRS 19 *Subsidiaries without Public Accountability* for Tier 2 entities.

Action:

Staff

Service Performance Reporting

Agenda Item 7

The Board considered the structure and content of a working draft of service performance reporting key principles and related guidance, primarily based on the NZ Accounting Standard PBE FRS 48 *Service Performance Reporting* and modified for the Australian context.

The Board noted that the purpose of the working draft is to initiate consultation with targeted stakeholders. The Board will form its views on the project's next steps after considering the feedback on the working draft and from other scheduled research and future outreach, including further information on the benefits of improvements in the reporting of service performance information and the associated reporting costs.

Action:

Staff

Documents Open for Comment

Agenda Item 8

The Board decided to comment on the following forthcoming IASB consultation documents:

- (a) Exposure Draft *Equity Method of Accounting*; and
- (b) Exposure Draft *Provisions*.

The Board decided not to comment on the following IPSASB consultation documents:

- (a) Exposure Draft ED 90 *Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement*;
- (b) Exposure Draft ED 91 *Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)*; and



(c) Exposure Draft *Tangible Natural Resources* (forthcoming).

Action: Staff

Other Business – Financial Reporting

Agenda Item 9

The Board noted the recent AASB submissions and the recent IASB, IFRS Interpretations Committee and ISSB updates and other items.

Sustainability Reporting

Agenda Item 10

The Board noted the update on international and jurisdictional sustainability reporting developments.

The Board also discussed in private an issue expected to be considered by the ISSB's Transition Implementation Group regarding whether the jurisdictional relief in IFRS S2 (and AASB S2) paragraph 29(a)(ii) permits an entity to apply the global warming potential values required by a jurisdictional authority or an exchange on which the entity is listed to convert GHG emissions into a CO₂ equivalent value. The Board asked its sustainability sub-committee to consider whether to address this matter in the Basis for Conclusions to the forthcoming AASB S2 *Climate-related Disclosures*.

Action: Staff
Sub-committee

Review of the Meeting

Agenda Item 11 – discussed in private

The Board reviewed the conduct of the meeting.

Close of the Meeting

The Chair closed the meeting at 12.20 pm on Friday, 6 September 2024.

Approval of the Minutes

Signed by the Chair as a correct record,
this 20th day of September 2024.