



Subject: Minutes of the 215th meeting of the AASB
Venue: Videoconference
Held: Tuesday, 7 October 2025, 10.00 am – 3.15 pm

All agenda items were discussed in public, except for items 1 and 12.

Attendance

Members	Keith Kendall (Chair) Stephen Taylor (Deputy Chair) Carolyn Cordery Rebecca Gordon Dean Hanlon David Holland Adrian King Liza Maimone Mathew Nelson Sean Osborn Moana Overton Caroline Spencer (part of meeting)	
Apologies	Toby Langley Caroline Spencer (1.00 pm – 2.30 pm)	
Staff	Patricia Au David Bassett Mikhail Bhatia Jack Bisset Erin Blythman Jamie Cattell Kim Carney Tom Frick Charis Halliday Kathleen John Eric Lee Ao Li Lan Lu	Maggie Man Emily Marden Lachlan McDonald-Kerr Sophie Pierson Janani Ramanan Sabine Schuhrer Helena Simkova Angus Thomson Hang Tran Jia Wei Justin Williams Abigail Xu
Other	Evelyn Ling – agenda items 5 and 6 Jim Paul – agenda item 6	

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 and Minutes

Agenda Item 2

Apologies

An apology for the meeting was noted from Toby Langley and for part of the meeting from Caroline Spencer.

Declarations of Interests

Members indicated that they deal with a broad range of financial reporting issues in the normal course of their day-to-day professional responsibilities. 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.

Sean Osborn noted a particular interest in relation to agenda item 7.

Minutes

The Board approved the minutes of the two hundredth and fourteenth meeting, held on 19 August 2025.

Approvals Out of Session

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

AASB Agenda Consultation

Agenda Item 3

The Board received an update on the 2027–2031 AASB Agenda Consultation work and, after considering stakeholder feedback from the Phase 1 survey, decided to refine the approach to the consultation. The upcoming Invitation to Comment (ITC) will include open-ended and exploratory questions that invite stakeholders to share what matters most to them and why, rather than responding only to a predefined list of topics. The Board also considered a decision-making framework designed to support a consistent and objective assessment of stakeholder feedback gathered during the consultation.

Action:

Staff

Post-implementation Review – IFRS 16 Leases

Agenda Item 4

The Board deliberated its response to the IASB's Request for Information regarding the Post-implementation Review of IFRS 16 *Leases*. The Board decided that its submission to the IASB will express uncertainty about whether the objectives of IFRS 16 are fully met due to high compliance costs reported by stakeholders, reduced comparability of financial reports due to a significant level of judgement required in certain areas and the continued use of pre-IFRS 16 metrics in investor communications. The Board decided to

recommend the following targeted improvements aimed at simplifying the Standard and reducing application costs:

- (a) clarify in the Standard that continuous reassessment of the lease options is not required after lease commencement. Although this explanation is included in the Basis for Conclusions (paragraph BC185), incorporating it within the Standard would enhance the clarity of the requirements. In addition, clarifying what constitutes a significant change in circumstances would help to improve the understandability of the Standard;
- (b) remove the requirement to use the interest rate implicit in the lease, as this requirement has limited practical use, and provide guidance addressing whether it is appropriate for a subsidiary to use a parent entity's discount rate; and
- (c) simplify the accounting for subsequent changes in lease payments due to a rate or index movement by recognising these changes directly in the income statement in the period they are incurred, rather than requiring remeasurement of the lease liability. Furthermore, the IASB should provide guidance or illustrative examples explaining how to reassess whether variable payments should be treated as in-substance fixed payments after the lease commencement date.

To enhance the comparability of financial information and reduce the diversity in practice, the Board also suggests that the IASB provides clarification for the following areas:

- (a) how to apply the unit of account concept in the context of IFRS 16; and
- (b) sale and leaseback transactions, specifically application of the control criteria, assessment of whether a financing component exists, the impact of subsequent asset changes on the previous sale assessment and qualification of an asset constructed by the lessee for a sale.

The Board also suggests that the IASB considers feedback from the IFRS 16 PIR regarding the usefulness of information about lessees' lease-related cash flows during its current Statement of Cash Flows project.

Action:

Staff

Conceptual Framework – Not-for-Profit Amendments

Agenda Item 5

The Board decided not to restrict the availability of the transitional relief for not-for-profit entities preparing financial statements that comply with Tier 2 Australian Accounting Standards – Simplified Disclosures to early adopters of the amending Standard.

The Board decided to finalise all other proposed amendments to AASB 1053 *Application of Tiers of Australian Accounting Standards* as exposed in Exposure Draft ED 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*.

Action:

Staff

Not-for-Profit Sector Reporting Framework – Tier 3

Agenda Item 6

The Board continued its redeliberation of the proposals exposed in Exposure Draft ED 335 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*. The Board made the following decisions:

- (a) to finalise the proposals in Section 10: *Financial Instruments* as exposed, except to:
 - (i) specify that AASB 9 applies (with other relevant Standards) only to the more complex financial instruments and financial instruments not commonly held by Tier 3 entities that are listed in paragraph 10.3, which will require an entity to develop appropriate accounting policies for other such financial instruments;
 - (ii) specify that an entity need not separately recognise and measure embedded derivatives;
 - (iii) not require the recognition of a commitment to provide a loan at a below-market interest rate;
 - (iv) amend paragraph 10.7(a) to clarify that all financial assets held to generate both income and a capital return for the entity are to be measured at fair value;
 - (v) amend paragraphs 10.12 and 10.13 regarding reliable fair value measurement of unquoted equity instruments to avoid the apparent inconsistency with fair value measurement as described in Tier 1 and Tier 2 reporting requirements;
 - (vi) amend paragraph 10.16 so that the calculation of interest income and expense is not limited by the carrying amount of the financial asset or financial liability at the beginning of a period;
 - (vii) amend paragraph 10.21 to require an impairment loss to be measured as the difference between the asset's carrying amount and the estimated future cash flows receivable; and
 - (viii) amend paragraph 10.27 to clarify that separate disclosure is required of those fair value measurements that are based on a quoted price in an active market for an identical asset or liability;
- (b) to finalise the proposals in Section 20: *Revenue* as exposed, except to:
 - (i) include brief guidance that internal expectations communicated by an entity's management regarding the intended use of an asset received do not, on their own, give rise to a deferred revenue obligation if those expectations were formed and communicated after the asset has been received;
 - (ii) clarify in illustrative examples E, F and H that the 'common understanding' referred to in the examples exists regardless of whether the reporting entity is subject to an enforceable obligation to provide the promised goods or services;
 - (iii) add an illustrative example of a charity that establishes a common understanding with donors when it raises donations for a specified appeal that if greater funds are raised than needed for the intended purposes, the excess funds will be redirected to an alternative charitable purpose;



- (iv) clarify in the scope paragraph that sales of assets are revenue when they arise in the course of the entity's ordinary activities;
 - (v) replace the reference in paragraph 20.5 to fair value as the initial measurement requirement for debtors with a reference to transaction price; and
 - (vi) clarify that if a pledge has been made to the entity and an inflow of economic benefits is probable, the disclosure requirements for contingent assets in paragraph 19.15 would apply to the pledge;
- (c) to finalise the proposals in Section 28: *Related Party Disclosures* as exposed;
- (d) to finalise the proposals in Section 29: *Transition to Tier 3 General Purpose Financial Statements* as exposed, except to:
- (i) delete the option in paragraph 29.4 to grandfather the application of Tier 1 or Tier 2 accounting policies for any or all assets or liabilities existing on the date of transition to the Tier 3 Standard;
 - (ii) add an explanation that the date of transition will be the same date, regardless of whether Section 9 or Section 29 is applied, unless a Tier 3 NFP entity transitioning via Section 29 elects to present full comparative information in accordance with the Tier 3 Standard;
 - (iii) add a specific exemption that a parent entity first-time adopter of the Tier 3 Standard that elects to prepare consolidated financial statements and applies Section 29 may elect to apply Section 17 *Entity Combinations* on a prospective basis to entity combinations that occurred before the date of transition to the Tier 3 Standard;
 - (iv) extend the optional relief for entities selecting Section 9 on transitioning to the Tier 3 reporting requirements to apply a modified retrospective approach to correcting prior period errors, with the exemption available only on transition to the Tier 3 Standard; and
 - (v) extend the scope of the transitional provisions in paragraph 29.11(e) so that an entity may elect to present changes in the fair value of its investments in notable relationship entities and investments in associates and joint ventures in other comprehensive income at the date of transition to the Tier 3 Standard; and
- (e) to finalise the proposed amendments to AASB 1053 and AASB 1057 *Application of Australian Accounting Standards* as exposed.

Action:

Staff

Presentation and Disclosure in Financial Statements of Superannuation and Not-for-Profit Entities

Agenda Item 7

The Board approved publishing an Exposure Draft *Operating Cash Flow Reconciliation and Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities*. The Exposure Draft will propose

modifying various Standards in respect to the preparation of Tier 1 general purpose financial statements as follows:

- (a) AASB 18 *Presentation and Disclosure in Financial Statements* – to:
 - (i) require superannuation entities applying AASB 1056 *Superannuation Entities* to:
 - (A) present their statement of profit or loss in the format specified in AASB 1056 instead of the format specified in AASB 18, and not judge whether to present line items in the primary financial statements based on whether they are necessary for the statement to provide a useful structured summary; and
 - (B) classify and present expenses in accordance with AASB 1056 instead of applying the requirements in AASB 18 paragraphs 78 and B80–B82 regarding determining how to use the characteristics of nature and function to provide the most useful structured summary of expenses;
 - (ii) require not-for-profit (NFP) entities in the private and public sectors to:
 - (A) refer to the common information needs of users of general purpose financial reports of NFP entities described in the *Conceptual Framework for Financial Reporting* when applying AASB 18; and
 - (B) when applying AASB 18 paragraph 78, consider what line items provide the most useful information to users of financial statements about the entity's operations or main activities, instead of considering what line items provide the most useful information about the main components or drivers of the entity's profitability as set out in AASB 18 paragraph B80(a);
 - (iii) provide accounting policy choices for NFP public sector entities, including governments applying AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, to elect to not:
 - (A) classify income and expenses into the operating, investing and financing categories;
 - (B) consider the matters set out in AASB 18 paragraphs 78 and B80–B82 regarding determining how to use the characteristics of nature and function to provide the most useful structured summary of expenses; and
 - (C) disclose information about management-defined performance measures; and
 - (iv) require governments to present their financial statements in the format specified in AASB 1049, and not judge whether to present line items in the primary financial statements based on whether they are necessary for the statement to provide a useful structured summary;

- (b) AASB 107 *Statement of Cash Flows* – to permit superannuation entities and NFP public sector entities to:
- (i) classify interest paid and received and dividends received as cash flows from operating activities; and
 - (ii) use the profit or loss total reported in the statement of profit or loss as the starting point for the indirect method of reporting cash flows from operating activities when the operating profit or loss subtotal is not reported in the statement of profit or loss;
- (c) AASB 1039 *Concise Financial Reports* – to amend paragraph 21 to align with terminology used in AASB 18 relating to the operating cash flow reconciliation;
- (d) AASB 1049 – to:
- (i) delete redundant text in paragraph 14(f) relating to dividends paid and instead to explain the effect of AASB 1049 paragraph 13 on the application of the proposed accounting policy choice regarding the classification of cash flows from interest paid and received and dividends received; and
 - (ii) align paragraphs 14(g) and 31(a)(ii) with the terminology used in AASB 1058 *Income of Not-for-Profit Entities* and AASB 9 *Financial Instruments*, respectively;
- (e) AASB 1054 *Australian Additional Disclosures* – to amend paragraph 16 to modify the starting point to use in preparing the operating cash flow reconciliation; and
- (f) AASB 1056 – to require a superannuation entity to:
- (i) present its statement of profit or loss and statement of cash flows in the formats required by AASB 1056, rather than the formats set out in AASB 18 and the revised AASB 107 (i.e. the version of AASB 107 incorporating the amendments made by AASB 18); and
 - (ii) treat its statement of changes in member benefits as a primary financial statement for the purposes of applying the requirements set out in AASB 18.

The Board decided that the Exposure Draft will have a 120-day comment period.

Action:

Staff

Climate-related Financial Disclosure Implementation

Agenda Item 8

The Board received an update on implementation support and awareness-raising activities related to AASB S2 *Climate-related Disclosures* performed during April to September 2025.

Action:

Staff



Climate-related Financial Disclosure Amendments

Agenda Item 9

The Board received an update on the proposed amendments to IFRS S2 *Climate-related Disclosures* and AASB S2 *Climate-related Disclosures* regarding greenhouse gas emission disclosures. This included a summary of Australian stakeholder feedback to ED SR2 *Amendments to Greenhouse Gas Emissions Disclosures* and the monitoring of ISSB deliberations.

The Board will consider an updated paper at the next Board meeting for decision-making, including due process considerations.

Action:

Staff

Documents Open for Comment

Agenda Item 10

The Board decided not to comment on the IPSASB Work Program Consultation. The Board also noted its previous decisions about commenting on the consultative documents already issued by international standard-setting bodies.

Other Business

Agenda Item 11

The Board noted the updates on recent IASB, ISSB and IPSASB meetings and other items. No decisions were made.

Review of the Meeting

Agenda Item 12 – discussed in private

The Board reviewed the conduct of the meeting.

Close of the Meeting

The Chair closed the meeting at 3.15 pm on 7 October 2025.

Approval of Minutes

Signed by the Chair as a correct record,
this 20th day of November 2025.