



Project:	n/a	Meeting	AASB October 2026 (M223)
Topic:	Documents open for comment to other organisations	Agenda Item:	11.1
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		Decision-Making:	Low
		Project Status:	n/a

Objective of this paper

- 1 The objective of this paper is to **inform** the Board about consultative documents issued by other international standard-setting bodies; and ask the Board to **decide** which consultative documents to provide feedback/comments on.

Reasons for bringing this paper to the Board

- 2 The Board's strategy is to influence the work of the International Accounting Standards Board (IASB), the International Sustainability Standards Board (ISSB), the International Public Sector Accounting Standards Board (IPSASB) and other relevant international organisations with a goal of having the principles in the Standards issued by these organisations aligned, where relevant and possible.
- 3 Historically, the Board has decided which consultation documents to comment on based on factors such as the relevance and importance of the consultation to the AASB's projects and strategies, the potential impact of the proposals on Australian constituents and the priority of projects as decided by the Board. This agenda paper will assist the Board in deciding which consultation documents to comment on.
- 4 Appendix A provides a summary of documents open for comment for which the Board has previously considered whether to comment.

Documents currently open for comment

- 5 The IASB has a document currently open for comment for consideration by the Board. The IFRS Interpretation Committee has tentative agenda decisions currently open for comment that have not been previously considered by the Board.

IASB and ISSB documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
IASB	Request for Information: Post-implementation Review of IFRS 9 and IFRS 7 – Hedge Accounting Requirements	28 September 2026		26 January 2027	The IASB published a Request for Information (RFI) to review its hedge accounting requirements. The review will assess whether the requirements are working as intended and delivering the expected benefits for investors and other users of financial statements. It will also consider whether the costs of applying the requirements are broadly in line with the IASB's expectations. The Australian equivalent of the RFI was issued in October 2026 (ITC 58). Comments to the AASB are due by 9 November 2026. With the aim of submitting the comment letter prior to 1 December 2026, staff would like to gather preliminary views and feedback from Board members to inform the development of an AASB submission for the post-implementation review of IFRS 9 and IFRS 7. For more information, ITC 58 is included as Agenda Paper 11.2. Staff have reached out to the Financial Instruments Advisory Panel members for their views to inform the post-implementation review of IFRS 9 and IFRS 7 – hedge accounting. Staff will meet with the panel on 23 October 2026. Staff recommendation Staff will prepare a draft AASB comment letter to the IASB for Board members' consideration at the November 2026 meeting.
					Q1 Do Board members have any preliminary views on the post-implementation review of IFRS 9 and IFRS 7 – hedge accounting requirements?

IFRS Interpretations Committee's Tentative Agenda Decisions currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
IFRS IC	Tentative Agenda Decision: Assets that Generate a Return Individually and Largely Independently of an Entity's Other Resources (IFRS 18)	29 September 2026		30 November 2026	The IFRS IC received a request asking how an entity assesses whether an asset it holds generates a return individually and largely independently of the entity's other resources, as specified in paragraph 53(c) of IFRS 18. The request asked how an investment fund assesses whether financial assets (such as debt or equity investments) it holds are of the type specified in paragraph 53(c) of IFRS 18. The committee noted that an entity applies judgement in assessing whether assets it holds are of the type specified in paragraph 53(c), and paragraphs B45–B49 of IFRS 18 include requirements that help an entity make that judgement. Applying paragraph B46(a), an entity holding financial assets, such as debt and equity investments, would typically conclude that those assets generate a return individually and largely independently of the entity's other resources. Paragraph B48 contains examples of assets that typically do not generate a return individually and largely independently of an entity's other resources. Two of these examples are debt instruments: 1 receivables arising from the production or supply of goods and services for which the income and expenses are classified in the operating category; and 2 loans to a customer if the entity provides financing to customers as a main business activity.

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					The Committee observed that the examples of debt instruments in paragraph B48 are debt instruments arising from the production or supply of goods or services to a customer. Therefore, in applying paragraph 53(c) of IFRS 18 and the related application guidance in paragraphs B45–B49 of IFRS 18: (a) an entity would typically conclude that the debt and equity investments it holds generate a return individually and largely independently of its other resources. For example, an investment fund that holds debt or equity investments would typically conclude that those investments generate such a return. (b) an entity that holds debt instruments arising from the production or supply of goods or services to a customer, however, would typically conclude that those instruments do not generate a return individually and largely independently of the entity's other resources. Staff recommendation Staff consider that the TAD provides clarity on how an entity determines whether a financial asset is of the type specified in paragraph 53(c) of IFRS 18, particularly through its two examples that would typically not meet that criterion, which are useful in illustrating the distinction. Therefore, staff recommend not to comment on the IFRS IC TAD.
					Q2 Do Board members agree with the staff recommendation not to comment on the Tentative Agenda Decision Assets that Generate a Return Individually and Largely Independently of an Entity's Other Resources?

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IFRS IC	Tentative Agenda Decision: Estimating Residual Value (IAS 16)	29 September 2026		30 November 2026	The IFRS IC received a request about how an entity estimates the residual value of an item of property, plant and equipment in accordance with IAS 16. Specifically, the request asked whether an entity's estimate of residual value reflects expected future developments other than the expected age and condition of the item at the end of its useful life (other expected future developments). In the fact pattern described in the request: (a) an entity manufactures cars and leases them to its customers. The lease term is usually three years, which is significantly shorter than the cars' economic lives. The entity sells the leased cars at the end of the lease term. (b) the entity classifies the lease contracts as operating leases and recognises the leased cars as property, plant and equipment. The entity measures the leased cars using the cost model in IAS 16 and depreciates them on a straight-line basis over the lease term. The Committee observed that the definition of residual value requires an entity to estimate the amount it would currently obtain—that is, the amount the entity would obtain at the reporting date—from disposing of the asset if it were already of the age and in the condition expected at the end of its useful life. In doing so, an entity: (a) reflects other expected future developments to the extent such developments affect the amount the entity would currently obtain from disposing of the asset (that is, to the extent those developments affect current prices). For example, expected future technological changes that might make an asset obsolete could affect the amount an entity would currently obtain for the asset. (b) does not reflect other expected future developments to the extent they would affect the amount the entity will obtain for the asset

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					only in the future (that is, to the extent they affect only future prices). For example, inflation between the reporting date and the end of an asset's useful life might affect the amount an entity expects to obtain for the asset only in the future. Staff recommendation Staff undertook targeted outreach with Australian stakeholders on this request, they generally understood residual value as a <u>current-day value</u> for an asset in its expected end-of-life condition and did not identify significant challenges in applying this requirement in practice. The understanding of residual value as a current-day value is consistent with the TAD. However, the TAD provides additional clarification that expected future developments may be reflected in residual value estimates to the extent they affect current prices, but not to the extent they affect only future prices (for example, future inflation). Staff agree with the IFRS IC's explanation and consider this additional clarification to be useful. Therefore, staff recommend not to comment on the IFRS IC TAD.
					Q3 Do Board members agree with the staff recommendation not to comment on the Tentative Agenda Decision Estimating Residual Value?
IFRS IC	Tentative Agenda Decision: Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)	29 September 2026		30 November 2026	The IFRS IC considered a request about how an entity accounts for a difference between the fair value of an investment in an equity instrument and the consideration received upon the sale of that instrument when the entity has elected to measure the investment at fair value through other comprehensive income in accordance with IFRS 9. The request asks whether the entity accounts for the difference in profit or loss or in other comprehensive income.

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					In the fact pattern presented, an entity has elected to measure an investment in an equity instrument at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9. The entity subsequently sells that investment and the consideration the entity receives for the investment differs from the fair value of that investment at the disposal date. The IFRS IC noted that the evidence gathered indicated little diversity that could have a material effect on those affected in the application of the requirements in IFRS 9 to the fact pattern. Feedback obtained by the IFRS IC suggested that entities generally recognise a difference between the fair value of that investment at the disposal date and the consideration received upon the disposal of that investment in <u>other comprehensive income (OCI)</u>. Staff recommendation Feedback obtained by the IFRS IC is consistent with the views expressed by the majority of Australian stakeholders that the difference between the fair value of the investment at the disposal date and the consideration received on disposal would be recognised in OCI. Therefore, staff recommend not to comment on the IFRS IC TAD. Q4 Do Board members agree with the staff recommendation not to comment on the Tentative Agenda Decision Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income?

IPSASB documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
N/A				

Other relevant documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
N/A				

Appendix A

Current and forthcoming documents open for comment – decisions already made by the Board at previous meetings

Originating organisation	Document	Date of release	Comments due	Summary
IASB	ED on Risk Mitigation Accounting	December 2025	30 November 2026	The International Accounting Standards Board (IASB) has published the Exposure Draft <i>Risk Mitigation Accounting</i>, proposing to amend IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>. At its November 2024 meeting, the Board decided to comment on the ED. The Australian equivalent Exposure Draft (AASB ED 339) was issued in December 2025 and closed for comment on 18 September 2026. In Agenda Item 5, the Board is asked to consider a draft comment letter to the IASB.
IASB	Forthcoming ED on Amortised Cost Measurement	2027	TBC	The IASB aims to make targeted improvements to the amortised cost measurement requirements in IFRS 9 <i>Financial Instruments</i> by clarifying their underlying principles and adding accompanying application guidance. At its April 2026 meeting, the IASB tentatively decided to amend paragraph B5.4.5 of IFRS 9 <i>Financial Instruments</i> to require that an entity adjust the effective interest rate to account for a re-estimation of the contractual cash flows of a financial asset or a financial liability that provides consideration for the time value of money or for the credit risk. At its June 2026 meeting, the AASB decided to comment on the forthcoming ED.
IASB	Request for Information – Post-implementation Review	September 2026	26 January 2027	The IASB published a Request for Information (RFI) to review its hedge accounting requirements. The review will assess whether the requirements are working as intended and delivering the

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	<u>of IFRS 9 and IFRS 7 – Hedge Accounting Requirements</u>			expected benefits for investors and other users of financial statements. It will also consider whether the costs of applying the requirements are broadly in line with the IASB's expectations. At its June 2026 meeting, the AASB decided to comment on the RFI PIR of IFRS 9. The Australian equivalent of the RFI was issued in October 2026 (<u>ITC 58</u>). Comments to the AASB are due by 9 November 2026. In this agenda item, Board members are asked for their preliminary views on the PIR questions (see page 2 of this agenda paper).
IASB	Forthcoming ED on <u>Presentation of Taxes or Other Charges that Are Not Tax Expense or Tax Income Applying IAS 12 Income Taxes (IFRS 18)</u>	Q4 2026	TBC	In July 2026, the IASB tentatively decided to propose amendments to IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>. The proposed amendments would require an entity to classify, in the income taxes category of the statement of profit or loss, tax charges imposed by a government as a direct substitute for income taxes. At its August 2026 meeting, the AASB decided to comment on the ED. At the IASB September meeting, IASB staff are planning to issue an ED in Q4 2026, with a comment period of 120 days. Consultation is therefore expected to conclude in mid-Q2 2027.